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RETIREMENT AND HEALTH PLANNING

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UNITED STATES SENATE

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SECOND SESSION

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HEARING ON RETIREMENT AND HEALTH PLANNING

WEDNESDAY, MAY 30, 1990

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
St. Petersburg, FL.

The committee met, pursuant to notice, at 10 a.m., at the University of South Florida Bayboro Campus, Hon. Bob Graham (acting chairman of the committee) presiding.

Present: Senator Graham.

OPENING STATEMENT OF SENATOR BOB GRAHAM

Senator GRAHAM. Good morning. We appreciate the hospitality of the University of South Florida and the Bayboro Campus for allowing us to meet in this beautiful, new facility today.

Our hearing will focus on pre-retirement planning and the preventive health mechanisms that are available to individuals prior to and at the time of enrolling in Medicare. Today, we will explore how Americans can be assisted in making lifestyle decisions and undergoing preventive screenings before becoming Medicare eligible so that they are adequately prepared for Medicare and their retirement years.

The results of this hearing will be passed on to the chairman of the Senate Special Committee on Aging, Senator David Pryor of Arkansas, as well as the other members of the Committee. The wealth of information which I am certain we will receive today will be valuable to the committee as it continues its review of the issue of preparing Americans for retirement.

St. Petersburg is well-known for many things; for its beauty, for its commitment to major league baseball, and for its leadership in assuring dignity to its older population. Today we will talk about how to prepare for healthy and fulfilling retirement years and how to assure that these years are vibrant and active.

America and Florida's population is increasingly aging. The entire 55 plus population is estimated to grow by almost 30 percent between now and the year 2000. In Florida, the fastest growing age segment are those persons over the age of 85.

Studies indicate that the post-retirement population is concerned about issues such as health and wellness, finances, safety, transportation, and lifestyle changes. Research also shows that middle-aged, pre-retirement Americans have become aware of these areas as a reactive mechanism, often when it is too late to make major changes or decisions.

Ironically, many Americans plan more comprehensively for a 2-week vacation than they do for their retirement. Retirement, however, can mean embarking on an exciting and vital phase of life for those who are prepared. A successful retirement is largely dependent on a process of identifying future needs and wants, developing the means to fulfill them, acting on those plans, and reviewing and updating the plans as circumstances require.

In the United States, pre-retirement planning occurs in a number of settings, including the workplace, State-provided retirement guides and through consumer organizations. Our witnesses today will describe their various pre-retirement programs and the importance of those to retirees.

I'm eager to hear from our distinguished witnesses on the many issues relating to pre-retirement planning and preventive health. In addition, I have developed several legislative drafts which focus on pre-retirement, and I am interested in your assessment and comments on these proposals.

This morning, we will also be viewing a segment from Good Morning America on pre-retirement planning. With this in mind, all pre-retirement planning should be accompanied by an analysis of America's overall health care needs.

Pre-Medicare screening and health assessments at or prior to entry into the Medicare system could help to identify immediate and potential medical problems. If identified and addressed, the ensuing care could result in comprehensive preventive programs for the elderly.

In some instances, making thoughtful lifestyle choices is the best form of preventive care. Such a program could improve the quality of life for seniors and save scarce Medicare dollars. Although we realize that certain lifestyles create good health, we know very little about what lifetime health practices could mean for Medicare.

For instance, can preventive intervention save money once a person is Medicare eligible? Do we know enough about the efficacy of retirement and health planning efforts which occur before Medicare eligibility and what they mean in terms of future savings? What should be the timing, character, scope, and cost of such preventive actions?

I hope to introduce a demonstration program that would establish an economic and quality of life analysis of how monitoring and changing one's lifestyle before and at the time of entry into the Medicare program could improve the overall Medicare system.

Indeed, pre-retirement planning is a critical part of this process. If this study determines that such interventions work and save money, then I hope that we will develop additional legislation to promote preventive health practices, healthy lifestyles, and pre-retirement planning.

We need to determine, however, how to stimulate people to achieve and to sustain preventive and proactive health practices. Such a forward-looking policy needs more research and the kind of advice that we are going to receive today.

Your participation will not end here. We've only begun the process of gathering information on how to promote healthy and meaningful retirement years. Please ask your colleagues and friends to

contact us with their ideas and suggestions. This is why a field hearing such as this is so important. Those who are in the communities of America, particularly a community such as this, often have the most perceptive analysis and impression of people's health needs.

Because of time constraints, we're going to ask our witnesses today to limit themselves to 5 minutes of oral testimony. The written statements will be included in their entirety in the hearing record. In addition, the record will be kept open for 30 days to allow additional written testimony.

Again, I want to thank each of the witnesses for having taken the time and effort to participate in today's hearing, some of you have even testified before this committee on previous occasions. Your generosity is greatly appreciated and extremely beneficial as we attempt to draft public policy responses at the Federal Government level to best meet the needs of all Americans.

We are the guests today of the University of South Florida. It is a great pleasure to introduce the President of the University of South Florida, Dr. Borkowski, for an opening statement.

OPENING REMARKS BY DR. BORKOWSKI, PRESIDENT, UNIVERSITY OF SOUTH FLORIDA

Mr. BORKOWSKI. Thank you, Senator. We're very pleased to have you here at this new facility on this very important campus of the University of South Florida.

Since the opening of the University of South Florida in 1960, recognition of age-related issues in this region and in the State of Florida has led to the development of a wide range of gerontological and geriatric programs on campus. These programs include educational degree programs, medical services and research, and may be identified by key phrases such as gerontological nursing, substance abuse, Alzheimers, social policy, housing, outpatient clinics—including geriatric medicine—and lifelong learning.

The department of gerontology is the oldest—and I want to underscore that—the oldest gerontological program on the campus. The department has offered a master's of arts in gerontology since 1967, the oldest in the Nation. A full academic department with teaching, research and service functions, the department now offers three degrees: A master's of gerontology, a bachelor's degree in gerontology, and a bachelor's of science in nursing home administration.

The nursing home administration program is the only one in the Southeast and, incidentally, has a very strong affiliation with St. Petersburg Junior College. This department has specializations in mental health counseling, housing, elder abuse, social policy, minority aging, physical change, and international studies.

The International Center on Gerontology was developed in 1982 under your governorship as a statewide institute to become a major vehicle for information transfer in gerontology in the United States and in other countries. The Center involves the other State universities and the University of Miami in disseminating information on programs and policies regarding aging and the aged throughout the world.

It focuses on topics such as Canadians in Florida, loneliness as an aging phenomenon, retirement policy, and demographic and health changes. The programs of the Center on Gerontology and its publications cover a broad range from social gerontology to health issues, with recent programs including cancer and aging and the future of older workers from an international perspective.

The Sun Coast Gerontology Center, established in July 1980, was one of the first Federal long term care centers in the Nation. Since its founding, the Center has grown to cover a wide span of health related and social and biomedical issues. The Center's Geriatric Education Center, funded to provide much needed geriatric education in the health sciences area, this year will host the annual conference of all national geriatric education centers.

The Sun Coast Center has also specialized in Alzheimers and serves as the national resource center on Alzheimers disease for the State units on aging in all 50 States. Members of its staff specialize in working with caretakers of patients with dementia and are widely recognized for this work. In addition to its impact on medical education, the Center operates a model clinic on memory and related disorders.

Again, Senator, welcome to the St. Petersburg campus to deal with this very important issue. I wish I could be here through all of the presentations. Regrettably, and I mean that most sincerely, regrettably, because I would much prefer being here than in Tallahassee, but I have to fly up to Tallahassee to protect the University's scarce resources, as of yesterday, anyway. But it's good to have you here, sir.

Senator GRAHAM. Thank you very much, President Borkowski. I wish you could stay for the hearing, but I think your need to play defense in Tallahassee exceeds your need to play offense here. We'll try to cover as best we can for your absence.

Mr. BORKOWSKI. Thank you very much.

Senator GRAHAM. Thank you very much.

As I indicated in my opening statement, we have a segment which was shown on October 25 last year as part of a Good Morning America program on the subject of preparing for retirement. I would like to show that segment as an introduction to our first panel.

[Video shown.]

Senator GRAHAM. Our first panel consists of two Floridians who have committed a substantial amount of their lives to the academic study of the issues relating to the aging process and preparing for retirement. First, I would like to introduce Professor Emeritus from the University of Florida, Dr. Hal Riker.

Dr. Riker.

STATEMENT OF HAL RIKER, PROFESSOR EMERITUS, UNIVERSITY OF FLORIDA, GAINESVILLE, FLORIDA

Mr. RIKER. Thank you.

My name is Hal Riker. In addition to being from the University of Florida, I'm a member of the Florida Pepper Commission on Aging.

A colleague of mine and I published a book titled Retirement Counseling that came out in January of this year. This book outlines important features of retirement planning and health planning. A major problem, as has already been pointed out, is the lack of planning. There are additional problems. First, retirement is often feared because it's seen as a time of decline and the beginning of the end, and second, with people living much longer lives today, it's entirely possible that individuals will spend about as many years in retirement as they did working full time.

Therefore, much more retirement planning must be done by both individuals and by State and Federal Government. A serious issue, then, is what are people going to do with all of their additional years for living?

Another problem is the negative attitudes toward retirement held by many people. Important to building positive attitudes is the understanding that the human life span really involves three major periods: an early, a middle, and a later.

The third period is often called the third age in some European countries. Just as persons prepare to enter the work world, they should prepare to enter the retirement world, which I like to think of as a new beginning. We must adopt positive attitudes toward retirement.

What preparations should people make in planning for retirement? Well first, they need to build an appreciation of themselves as persons of worth. Second, they need to take aggressive action in making their retirement years both successful and happy ones.

What are the areas for aggressive action? They include maintaining health, both physical and mental, improving relationships with others, using time wisely, deciding on a place to live, building a new lifestyle, and financing this changed lifestyle.

There are retirement preparation programs in this country already, but few, in my opinion, are adequate to meet the needs of older persons retiring at this time. Most persons do not have access to any pre-retirement program at all.

Little research has been done on the effectiveness of existing pre-retirement planning programs so that demonstration projects, as suggested by Senator Graham, could produce excellent action research.

Health planning is a critical part of retirement planning. The good news is that achieving and/or maintaining good health is feasible at any age. The bad news is that good health can easily be lost through inactivity or neglect.

A moderate and frequent physical exercise program for older persons has been demonstrated to have favorable results in increasing bone density, preventing heart attacks, lowering blood pressure, increasing glucose tolerance, maintaining muscle mass, and controlling weight. Overall, moderate physical exercise maintains and improves the functional capacity of older persons.

There is an important need in our society for older persons to assume greater responsibility for their health planning and health needs. Not to be neglected is their mental health, which involves positive attitudes toward life and living, including the point of view, by the way, that aging is growing.

In our country today, there is an appalling assumption on the part of too many policymakers that health planning for older citizens means determining the number of older citizens who will become physically impaired and the number of nursing home beds which must be provided for them.

However, it's becoming increasingly clear that following this approach, with the growing numbers of older persons in this country, there will not be the resources to provide enough nursing home beds and staff support. A new approach must be made to health planning.

Rather than estimating the number of sick older persons who need to be cared for, why not implement plans to help older persons stay well? To help and keep older persons well makes more sense than waiting to treat them when they become sick and infirm, and the wellness approach is indeed more financially sound and certainly more humanely oriented.

One writer has commented that we in this country have experienced a revolutionary increase in life span. Our present goal should be a corresponding increase in health span and the maintenance of full function as nearly as possible to the end of life.

I applaud Senator Graham and the other members of this committee in your continuing concern for the well-being of older Americans. I fully agree with your efforts to bring about specific support for retirement planning and health planning beginning with the Federal level.

Some redirection of scarce resources toward improved retirement planning and health planning could revitalize and reorient our present health care system. It could also result in older generations who are happier, more vital, and even more active contributors to the general welfare of our country. Thank you.

[The prepared statement of Mr. Riker follows:]

TESTIMONY FOR

HEARING OF U.S. SENATE SPECIAL COMMITTEE ON AGING

May 30, 1990

St. Petersburg, Florida

My name is Harold Riker. I am a Professor of Counselor Education Emeritus at the University of Florida. A colleague of mine and I published a book titled Retirement Counseling in January, 1990. This book outlines important features of retirement planning and health planning.

One writer has described a major problem in retirement planning,which is a lack of planning, by commenting that "most people spend more time in planning for their summer vacation than in planning for their retirement." There are other major problems. First,when lifespans were shorter than they are today, retirement was often feared because it was seen as a time of decline and the beginning of the end. And, second, with people living much longer lives today, (as an indication, the numbers reaching 100 years of age now exceed 50,000 in this country), it is entirely possible that individuals will spend about as many years in retirement as they did in working full time. Therefore, much more planning should be done by individuals and by our society.

Another problem is the negative attitudes toward retirement held by many people. Important to building more positive attitudes is an understanding that the human lifespan really involves three major periods: an early, a middle, and a later period. This third period is often called "the third age" in some European countries, and includes those years that many many people spend in retirement. But, just as persons prepare to enter the work world, so they should prepare to enter the retirement world, which i like to think of as "a new beginning."

What preparations should persons make in planning for retirement? First, they need to take an inventory of themselves. This inventory includes gaining a fuller unde standing of self, clarifying one's values, identifying one's needs in terms of life satisfaction, and building an appreciation of self.

Second, individuals must take certain action steps which include setting personal goals for retirement, determining what tasks must be accomplished to reach those goals, and, finally, making the decisions which will result in positive actions.

The point is that aggressive action is needed in making retirement years successful and happy ones, just as aggressive action was required in preparing for and getting started in a career as a younger person.

What are the areas of aggressive action in preparing for retirement? They include maintaining health, both physical and mental, improving relationships with others, using time wisely, deciding on a place to live, building a new lifestyle, and financing this changed lifestyle.

There are retirement preparation programs in this country. But few are adequate to meet the needs of older persons considering retirement. And most persons do not have access to any retirement preparation programs. Typical programs only take time to explain to retiring workers the financial benefits provided by their employers.

Little research has been done on the effectiveness of existing retirement preparation programs. One researcher reports that older workers exposed to a preretirement program commented that, as a result of the program, they felt more secure, believed they were making the right decisions, and were more aware of the issues involved in retirement. The impact of some programs is reportedly limited to about two years.

One study has examined factors affecting the morale of retired men. Significant factors were found to include orientation to retirement, amount of exposure to information about retirement, and the extent to which activities were related to preretirement interests (Palmore, 1985, p. 51).

The Association of Retired Persons has initiated a study of the effectiveness of preretirement programs with a selected number of participating organizations. AARP has also established a National Center on Health Promotion and Aging, designed to gather and disseminate information about health planning as a vital part of helping older persons to maintain and improve their health.

The area of health planning is as equally critical as retirement planning. The good news is that achieving and/or maintaining good health is feasible at any age. The bad news is that good health can be lost through inactivity or neglect. A relevant saying is, "If you don't wear out, you rust out." Positive health habits, especially as related to exercise and nutrition, are critical.

A moderate and frequent physical exercise program for older persons has been demonstrated to have favorable results in increasing bone density, preventing heart attacks, lowering blood pressure, increasing glucose tolerance, maintaining muscle mass, and controlling weight. Overall, moderate physical exercise maintains and improves the functional capacity of older persons. Attention to the quantity and quality of food intake is also important. To be kept in mind is the fact that there is a change in nutritional needs as people grow older.

A recent report listed these actions which experts say can prevent heart disease, currently the leading cause of death in our society: don't smoke, take some exercise, keep an eye on blood pressure, check cholesterol, eat sensibly, spend more time each day relaxing (AARP Bulletin, May, 1990).

There is a need in our society for older persons to assume greater personal responsibility for their health planning and their health needs. Not to be neglected is their mental health which involves positive attitudes toward life and living, including the point of view that aging is growing.

In our country today, there is the appalling assumption on the part of too many policy makers that health planning for older citizens <u>means</u> determining the number of older citizens who will become physically impaired and the number of nursing home beds which must be provided for them.

It is becoming increasingly clear that, following this approach, with the growing numbers of older persons in this country there will not be enough resources to provide nursing home beds and staff support. A new approach must be made to health planning. Rather than

estimating the number of sick older persons who need to be cared for, why not implement ways to help older persons stay well? To keep individuals well makes more sense that waiting to treat them when they become sick and infirm. A wellness approach should be more financially sound, as well as more humanely oriented.

One writer has commented, we have already experienced a revolutionary increase in life span. Our present goal should be "a corresponding increase in health span, the maintenance of full functions as nearly as possible to the end of life." (Dr. John W. Rowe, Harvard Medical School).

I applaud Senator Graham and the other members of this committee in your continuing concern for the well-being of older Americans. I fully support your effort to bring about specific action on retirement planning and health planning at the federal level in this country. Some redirection of scarce resources toward improved health planning could revitalize and reorient our present health care system. It could also result in older generations who are happier, more vital, and more active contributors to the general welfare of our society.

Senator GRAHAM. Thank you very much, Dr. Riker.

Our second panelist on panel one is the Medical Director of the Florida Geriatric Research Program in Dunedin, Dr. William Hale.

Dr. Hale, thank you for joining us.

STATEMENT OF DR. WILLIAM HALE, MEDICAL DIRECTOR, FLORIDA GERIATRIC RESEARCH PROGRAM, DUNEDIN, FL

Dr. HALE. Senator Graham, you and Mrs. Graham have played a leadership role in addressing the needs of the elderly in the State of Florida and nationally, and I feel it a privilege and a pleasure to be sitting as a part of this panel today.

Senator and other witnesses and guests, each of us is aware that the number of people in the older age group is rapidly escalating. As these numbers increase, so do those who need help at home as well as those who need an even more special supportive environment, such as residence in a congregate living facility, nursing home, or hospital. The results are reflected in the cost of the care for the elderly.

There are three broad areas that have promise for improving the quality of care and decreasing the staggering acceleration of costs. They include education, prevention, and timely intervention. Behind each of these looms a more far-reaching and pressing technique to assess the effectiveness of adopting any of these approaches, and that is research.

Most, when thinking of research, continue to envision white-cloaked men or women standing before Erlenmeyer flasks or bending over operating tables in sterile laboratories. When dealing with many elderly issues, this type of research is not applicable or appropriate. However, a classic form of investigation is typified by the Framingham Heart Study, the Duke Longitudinal Studies, the Baltimore Study, the Florida Geriatric Research Program, and others.

Epidemiologic study permits the adaptation of new methods, their implementation, observation, and most importantly, their assessment after utilization. Studies need to be carefully designed, put in place and effected and systematically evaluated for their value. Assessment not only measures the immediate results but also measures the impact for subsequent years.

Education is known to be a strong predictor of mortality among younger women, but the association of education and mortality among older women is not well-documented. With this in mind, a study was performed by a group of researchers from Johns Hopkins University in association with the Florida Geriatric Research Program. The results tend to reinforce education's association with health behaviors and health outcomes in elderly women. These may be important determinants of disease occurrence and survival. Studies similar to these are needed.

Too, another area, the locus of control, not mentioned in popular literature, may have a marked influence on the health care of the elderly. Although not as simple as I will state, in essence, the locus of control refers to the site from which one's health care destiny is largely determined.

Is it internalized or externalized? If internalized, the person assumes the major responsibility for his or her care. He or she makes the decision to exercise, follow a diet, learn more about symptoms, to take or not take medication, and so on. If externalized, the person becomes a pawn and is carried passively through later life by health decisions of others.

Do those who exert more self-control lead healthier lives? Are their hospital days fewer? Do they live longer? Can the locus of control be shifted through education?

The intent of education is to teach methods of improving one's health style. Prevention is the implementation of these techniques, once they have been learned, into the routine of every day living. Prevention and intervention involve detection. Detection is my business.

Some of the proposed programs have the reward of tax credits for detection; that is, tax credits for physical examinations built into their structure. This is commendable, but there are millions who cannot afford this approach. What would prompt them to have a complete physical examination? How will detection be accomplished in those groups?

Too, is the complete physical examination the most cost effective means of assessing the health care of the masses? To spend dollars wisely, this question needs to be answered. I feel a well-designed and implemented health screening process may be relatively inexpensive but rewarding.

Personal experience and impression tend to verify this. It would be wise to expend the time and money to assess the impact of a longitudinal health evaluation project that is in place. Has it served as an educational process? Has morbidity been decreased? Have there been fewer hospitalizations with shorter stays? Has longevity increased? Is duplication of this type of program warranted?

Once these issues have been addressed, the answer to the major issue of health screening as a solid preventive measure may be answered. A relatively small expenditure may save millions of dollars and favorably influence the quality of life for the elderly.

The implementation of sound programs of education, prevention and intervention is certainly a viable concept. If the effectiveness of these efforts can be substantiated, the programs may improve the well-being of the older citizen and reduce the dollars expended. Thank you, sir.

[The prepared statement of Mr. Hale follows:]

Testimony

to the

Special Committee On Aging

United States Senate

Wednesday, May 30, 1990

St. Petersburg, Florida

by

William E. Hale, M.D.
Florida Geriatric Research Program

On May 2, 1990, there appeared an article in the Journal of the American Medical Association that would be echoed on the same day in the media from THE WASHINGTON POST ("Study predicts medicare costs will explode") to THE LOS ANGELES TIMES ("Health care for the aged: Invest now or pay later"). Three thoughts emerged: an elderly "boom" is upon us; their medical costs are soaring, and more funding is needed for "aging" research.

Most of us are familiar with many of the figures quoted. At the turn of the century 4% of the population was 65 years of age or older; today that figure has reached 12%, or 30 million persons, and is expected to climb to 52 million by the year 2023 and to 68 million by 2040. Those 85 years of age and older numbered a few hundred thousand in 1900 and are noww 3.2 million. By the year 2020 they could reach 6.7 million and 12.2 million by 2040. As these numbers increase so do those who need help at home, as well as those who need an even more special supportive environment, such as residence in a congregate living facility or nursing home. The final results are reflected in the cost of the care for the elderly. In 1980 Medicare expenditures alone were $35 billion and accounted for 3% of federal expenditures. Ten years later, in 1990, Medicare will spend an estimated $112 billion and consume 9% of the dollars of the federal budget. Truly there are explosions in population and costs.

There are three broad areas that have promise for improving the quality of care and decreasing the staggering acceleration of costs. They include: education, prevention, and timely intervention. Behind each of these looms a more far reaching and pressing technique to assess the effectiveness of adapting any of these approaches...research.

Most, when thinking of research, continue to envision white cloaked men or women standing before Erlenmeyer flasks or bending over operating tables in sterile laboratories. When dealing with elderly issues, this type of research is not applicable. However, a classic form of investigation is typified by the Framingham Heart Study, the Duke Longitudinal Studies, The Baltimore Study, the Florida Geriatric Research Program, and others. Epidemiologic study permits the adaption of new methods, their implementation, observation, and, most importantly, their assessment after utilization over a period of time. Studies need to be carefully designed, put in place, effected, and systematically evaluated for their value. Assessment not only measures the immediate results but also measures the impact for subsequent years. Thus, the initiatives to amend the Older Americans Act Retirement Planning Demonstration, the Retirement Planning Education and Public Awareness Project, and the Social Security Administration Retirement Planning Demonstration should include long term periodic re-examination of the status of the participants as part of the proposals. Appropriate and timely re-evaluations will either help perpetuate a meaningful activity or abort further unnecessary expenditures to conduct programs of no value.

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Education is known to be a strong predictor of mortality among younger women, but the association between education and mortality among older women is not well documented. With this in mind, Dr. Trudy Bush, Associate Professor, Department of Epidemiology of the Johns Hopkins University, and others, examined data from 2,538 over 65 year old female participants in the Florida Geriatric Research Program and found that age and education were significantly associated with health behaviors and conditions. For example, of the women 65 to 74 years of age, 15% smoked, 65% reported regular exercise, and 24% were overweight. Of the eldest group (85+), only 1% smoked, 53% reported regular exercise and 12% were overweight. Somewhat similar results were found when education levels were examined. It is realized these figures may be the result of differential survival, however, they tend to re-enforce education's association with health behaviors and health outcomes in elderly women. These may be an important determinant of disease occurrence and survival. Studies similar to these are needed.

Too, another area, the "locus of control", not mentioned among the popular literature, may have a marked influence on the health care of the elderly. Although not as simple as I will state, in essence, the locus of control refers to the site from which one's health care destiny is largely determined. Is it internalized or externalized? If internalized, the person assumes a major responsibility for his/her care. He/she makes the decision to exercise, follow a diet, learn more about symptoms, to take or not to take over-the-counter medications, etc. If externalized, the person becomes a pawn and is carried passively through later life by the health decisions of others. He/she depends upon the physician, friend, or family to make the decisions about diet, exercise, medications, etc. Do those who exert more self control lead healtier lives? Are their hospital days fewer? Do they live longer? Can the locus of control be shifted through education? The impact of these and multiple other perspectives can be determined only through longitudinal epidemiologic studies.

The intent of education is to teach methods of improving one's "health style", i.e., optimally improving the manner in which health behavior and activities are conducted. Prevention is the implementation of these techniques, once they are learned, into the routine of everyday living. Counselling, regarding health and fitness, attitude adjustment, life style changes, time utilization, employment options, and estate planning, is of no value unless the routines are utilized. The results of utilization cannot be determined immediately but will require many years of observation.

Intervention involves detection. Detection is my "busines". It may be early, mid, or late in the course of a disorder or illness. Intervention cannot occur until detection takes place. I feel, in fact, detection is an integral part of intervention. Early detection, to me, implies the recognition of a disorder or illness before it becomes a problem, i.e., before it produces either signs or symptoms. Mid or late detection means the recognition of the problem after it has began to produce signs or symptoms. Whether detected early, mid, or late, techniques are then applied to eliminate, halt, or slow the progress of the illness. Ideally, intervention is most effective if it can be utilized early in the course of a health problem. Two of the proposed programs have the reward of tax credits for detection, i.e., physical examinations, built into their structure. This is commendable, but there are 37 million persons in this country who have been identified as being uninsured and an additional 70 million are felt to be under insured. Too, in my state, Florida, alone, there are 25% of the 65 year and older residents who fall within the 125% level of the federal poverty income of $5,200. What will prompt them to have a complete physical examination? How will detection be accomplished?

Too, is the complete physical examination the most cost effective means of assessing the health care of the masses? Is it necessary to do audiometry, a fundoscopic examination, test stools for occult blood, etc., for every person with or without symptoms? Or is it more cost effective to devise a program that asks, "Do you have trouble hearing?", "Do you have trouble seeing?" , "Have you noticed a change in your bowel function, blood in your stool, or other change in appearance of your bowel movement?" Would not a select, well designed, easily administered, health screening process be more applicable to the masses, more cost effective.....and, maybe, favorably influence the future of intervention eually as well? To spend dollars wisely this question needs to be answered.

Budget projections seem to be superficially adequate for two of the proposed initiatives. However, the volunteer is the key to the economic feasibility of the Amendment to the Older Americans Act Retirement Planning Demonstration. Without this, the allocated funds seem to be inadequate.
Finally, the life expectancy of the citizens of this country is increasing; the older segments are the most rapidly growing. With increasing age comes a greater incidence of social, fiscal and health problems which reduces the quality of life for elderly people and costs our nation dearly. While other endeavors may be necessary, we feel sound programs of education and prevention can improve the well- being of the older citizen and reduce the dollars expended.

One portion of all preventive proposals that needs to be closely and carefully scrutinized is the concept of a single physical examination. The cost effectiveness of this measure may be minimal and thus mitigate against its incorporation into the effort. In contrast, the author feels a well designed and implemented health screening process may be relatively inexpensive but rewarding. Personal experience and impression tend to verify this. It would be wise to expend the time and money to assess the impact of a longitudinal health evaluation project that is in place. Has it served as an educational process? Has morbidity been decreased? Have there been fewer hospitalizations with shorter stays? Has longevity increased? Is duplication warranted? Once these issues have been addressed, the answer to the major issue of health screening as a solid preventive measure may be answered. A relatively small expenditure may save millions of dollars and favorably influence the quality of life for the elderly of this nation.

William E. Hale, M.D.

Senator GRAHAM. Thank you very much, Doctor.

Dr. Riker, you talk about three phases in life. Yesterday, I had one of my monthly work days at the Ding Darling Refuge on Sanibel Island. The man that I worked with had come into the Wildlife Service as a co-op student while he was still attending college; that is, for several years, he would go to school for a semester and then work the rest of the year with the Wildlife Service, so there was a transition between his phase of life as a student into his phase of life as an active, fully employed person with the Wildlife Service.

Moving from phase two to three, from active life to retirement, often is the matter of completing work on a Friday afternoon, having a retirement reception, and, then on Monday, starting full scale retirement.

I have often wondered if there wasn't the possibility of some transition from phase two into phase three analogous to the one I just described from phase one into phase two; that is, could we do a better job as a society of softening the movement from the period of full activity and employment in the traditional sense to full retirement?

Mr. RIKER. Well, the answer, Senator, I think, is very clearly yes. The question is, how do you do it? Two things I might comment on. First, I think that we should have courses both in high school and college which address the subject of the aging process. Not retirement, per se, obviously, but I think it's important that people at an early age understand what happens to individuals during the learning process, during the aging process, so that they can learn better how to prepare for the different periods of life.

I think the second thing should be somewhat more formalized pre-retirement programs that would begin perhaps, as far as financial planning, really shortly after the entry into the work force, and as far as planning for change in lifestyle, maybe as early as 10 years before the actual time. So it's a gradual process and should be, as you have said, a continuation of the educational process throughout life.

Senator GRAHAM. Dr. Hale, you talked some about the benefits of early health screenings. One of the legislative proposals is to set up a demonstration project. A concern of that is that if we start de novo with a demonstration project, it will be a number of years before we've had enough time to be able to make some assessments of what should be permanent Medicare policy.

Are there any ongoing research efforts to try to answer questions such as when should the medical intervention take place, what should be its characteristics, what are the likely costs, and what could be the anticipated benefit with projects that are already underway that could help us shorten the time necessary to have a solid scientific and medical basis for a pre-retirement health policy?

Dr. HALE. Senator Graham, I'm not aware of any studies which are in place that had kind of focus at their inception. Certainly, as I mentioned, there are the Duke Longitudinal Study, Baltimore Study, et cetera. They have a different focus than what I am talking about. I continue to think that complete physical evaluations such as is done at those institutions are really cost ineffective.

Senator GRAHAM. You say they are cost ineffective?

Dr. HALE. Cost ineffective for the masses, that is, certainly for the individuals, and that is only my perception, sir. We have been conducting a study, and I don't hold it out as being an ideal study, but it's a screening process for the elderly for 15 years.

Within the last week, we've had some dialog with researchers from Hopkins about how to evaluate the program's effectiveness. Has it really made a difference as far as the population we have been screening? We've had approximately 5,800 people that we have seen over a period of 15 years.

The difficulty in assessments is having the control group that hasn't had the process conducted for them and having our group that has gone through the process. We have to try and develop some mechanism of comparing what we have done.

Again, we have the feeling in seeing and encountering people that we have evaluated that it has made a distinct difference. But if you were to ask me, "Dr. Hale, demonstrate that," I would have to say I don't have any figures in place, but we're certainly looking at this aspect at the present.

Senator GRAHAM. Yes, Dr. Riker?

Mr. RIKER. Senator and Dr. Hale, I might mention I heard just the other day of a study that's being conducted through the Health Care Financing Administration to help determine whether it would be cost effective for Medicare to pay for preventive health care services for the elderly.

This is a 4-year study that was started last year and is to be completed in 1993. There are five universities in the United States that are involved in this study, and I believe Johns Hopkins is one. That might be helpful.

Dr. HALE. May I respond to that, Senator?

Senator GRAHAM. Yes, Dr. Hale.

Dr. HALE. That's true, and, as you have pointed out in your opening statement or opening question, we need studies that have been in place for much longer a period. Four years is not really enough. In my opinion, you would have to look at that well beyond to see has it indeed made a difference 10 or 15 years later in the older age period.

Senator, I might add, we think we have the capability of doing that, sir.

Senator GRAHAM. Dr. Hale, and then Dr. Riker, what do you think should be the components of a demonstration project that would give us the best basis upon which to then make future permanent decisions relative to expenditures in the area of health evaluations, both at the time of retirement and at a period of time prior to retirement?

Mr. RIKER. Well, again, I think that it would be a series of studies, actually, one being studies of courses on aging that might be conducted in the high schools and certainly in the colleges, and this, of course, is obviously long term to find out what effect such education would have.

I think the second thing would be the kind of thing that you've been talking about, call it education, really, rather than retirement. I think people are scared of the word retirement and don't want to become involved. Call it educational programs for life plan-

ning. I think that that could start at least 10 years before the time that a person plans to retire.

That could be centered, for example, in certain corporations and businesses, not only in Florida, but elsewhere. I think in Florida that corporations that are obviously interested already would be the Florida Power & Light Corp., Florida Power Corp., and several others that I could mention here in the State.

Senator GRAHAM. One of our subsequent panels is going to focus on what is being done by private business in Florida to facilitate retirement planning.

Mr. RIKER. Let's emphasize that the private sector must be involved.

Dr. HALE. Senator, may I respond to the question?

Senator GRAHAM. Certainly.

Dr. HALE. I feel that to assemble some of the best minds in the country in multiple disciplines and look at what we want to teach and what we need to teach. Then to put that in place with their expertise, and to do that in a random fashion so that we teach not only the more affluent individual and the one who is retiring comfortably, but also the person aging in the lower areas where the greater economic responsibility exists. In some way or other that we touch those as well. Put that in place, and then to have a period of assessment after it has been in place for a while. It's going to be a long term type of thing, but we can certainly make a beginning.

And I feel the same way about the health screening process, as well. I say we think we have a good screening process, but I don't hold it out as being the absolute best. I think that type of program could be assembled of some by the best medical minds in the country.

Let's put it in place, and let's see what happens and what influence it has, and let's look at it a year from now. It's going to take some time, but I think we need to get started, and maybe we should have started 10 or 15 years ago, sir.

Mr. RIKER. I think the biggest problem, as you pointed out, Dr. Hale, is with the lower income groups that today actually have no access to any kind of pre-retirement planning and, in fact, I would suspect it could be shown that they tend to resist and express disinterest, and yet, as Dr. Hale says, this is a group that especially needs it, and I think particular attention needs to be pointed toward this particular economic group.

Dr. HALE. One final comment, if I may, Senator.

Senator GRAHAM. Sure.

Dr. HALE. We really need in some way or other, as we alluded to in our testimony, to assess the elderly person to see if indeed does educating that person really make a difference. That was what we were talking about in terms of focus of control, and that's only one perspective.

If you teach the elderly person, is that going to be accepted and is he or she going to put that in place? Is there a segment that will say, "I'm very passive. I don't like to do that. It's not really going to make any difference. You can teach me all you want to, but it's not going to have any impact," or is there a large segment where it does make a difference?

Just this morning, I read with a great deal of interest an article in the Wall Street Journal, talking about cholesterol. They instituted a cholesterol screening program and, as they took the initial cholesterol determinations nurses talked to the participants. They came back a period later, and a large percent, on the average, their cholesterol was down 8 percent.

We've seen that with younger people with high blood pressure, starting in the 1970's with Eliot Richardson, head of HEW, we've seen it with smoking, tobacco use, and now we've seen it over a very short period with cholesterol, so we know that it works, but does it work for the masses and does it work for the older persons? Those are things I really can't say, sir.

Senator GRAHAM. Dr. Riker.

Mr. RIKER. It seems to me that our society has just got to get a greater appreciation for the importance of education for retirement, just as we've talked about the importance of education to go to work and, as you pointed out, that we've done fairly well in helping to prepare people to move into the period of work.

What we have failed abysmally to do is prepare them for the age of retirement, and I think it should be equally as important, and I think you'll find a lot of opposition to that, because I remember so well a friend of mine saying, "well, the older people have had their chance for education, let's let it be for the younger people now," which is a point of view that I think we've got to counter, and it's a tough one.

Senator GRAHAM. Earlier, we viewed a television segment on pre-retirement planning.

Dr. Hale, you have emphasized the importance of education. How could we use the mass forms of education, such as television, more effectively as a societal tool for education on these issues of pre-retirement and issues during the retirement years themselves?

Dr. HALE. Senator, I get a little bit concerned about the lower socio-economic level that doesn't have the opportunity to sit and watch television, and unfortunately, most of those segments are directed to those that are in a higher socio-economic level. Those are not the ones that are costing us so many dollars out there. How do we reach the others?

Mr. RIKER. I didn't like the segment that we saw this morning, particularly, because it started out with the idea, well, you're going to retire, so you're going to sit back and enjoy the sunshine and golf and swimming, so that I think that the people who prepared that for Good Morning America were perpetuating a negative attitude about retirement right from the very beginning.

Senator GRAHAM. If you had been given the task of writing the segment on on national television on pre-retirement planning, how would you have presented the information?

Mr. RIKER. Well, I think I would have started out by saying here is someone who is going to retire, and they have a great opportunity to develop a new lifestyle. What would they like to do with the next years ahead? What's new and different?

It's an exciting opportunity, and I think to talk in terms of future opportunities and the chance to really set a new lifestyle, you might be a little tired of the one you've had all along, and you might like to try a new one, and this is your chance, and I think

that kind of an upbeat approach would be so much better in this idea of trying to get retirement seen as a new opportunity, a new wavelength.

Dr. HALE. Senator, it might be interesting to address the blue collar worker who is going to retire basically on his Social Security and how is he going to utilize his time. He's the one that's not going to be sitting at the country club, he's the one that's not going to be traveling to Europe, he's not the one that's going to have those options.

However, there are options, and there are options where the one who cannot afford other activities can utilize their time, utilize it very, very well and very gainfully—and in a very satisfying manner. Volunteer work, for instance, is certainly one of the best, and we see more people in that sector volunteering, making a contribution, and being more effective than many other groups. Those types of things should be held out as alternatives for retirement.

Mr. RIKER. I think, too, for the lower economic class that you've spoken of that there ought to be more time spent in providing opportunities for new part-time employment, because most of these people need the income. As we all know, Social Security is just not enough, and I know that through studies that have been made already, some of the people in the lower economic group complained that they don't have a chance to get another job.

I think that maybe our—just as a guess—our State Employment Service ought to be focusing on new kinds of jobs for older people in different economic groups, and that would be part-time employment.

Senator GRAHAM. There was an interesting article in the Miami Herald last week, written by the Dade County State's Attorney, Ms. Janet Reno. She was writing from her experience of how many children are denied effective parental relationship. She feels this shows up later in life in terms of anti-social behavior.

She had what many would consider to be a radical proposal, and that is that we readjust the workday to end at 3 p.m. so that parents, both mothers and fathers, would be home to spend a period of the post-school day with their children.

It strikes me that maybe an equally radical idea about how we deal with this transition from active life into retirement, that maybe what we need as one model—and I underscore one model, because there is no single answer for all people—would be to have a gradual reduction in the hours of work or weeks of work per year as a person enters their pre- and even post-normal retirement life, filling some of the gaps that may, in fact, allow that family with young children to be able to leave the workplace earlier. This could be a form of time share employment between the rearing family age group employee and the at retirement age employee, so that rather than Mr. Wiley having to find himself a part-time job in a new location, he would continue to do the job that he spent most of his life executing, but at a less demanding and intensive level.

Mr. RIKER. The Xerox Corp. has had several types of activities for its workers that include taking early retirement and being off work for a period of 6 months and seeing how they like it and then, if they don't like it, an opportunity to come back, plus part-time work, as well.

And, Senator, I would like to suggest that we not talk about retirement as moving from active life into retirement. I think retirement is just as active as full time employment. There's no change in the amount of activity, maybe in the intensity of activity.

Senator GRAHAM. You mentioned, Dr. Riker, that one of the areas of maintaining that activity was volunteer participation. Is there any evidence that individuals who have had a previous pattern of voluntary action are more likely to carry that forward in their retirement years than those who have had no such previous experience?

Mr. RIKER. I don't think there's any formal research that I know of, but I do think of a retirement community named Hawthorne that was started by AARP near Leesburg, now an independently operating group. I think that so many of the people living in that retirement community are examples of what you're talking about.

In that community, for example, they must have, I think, 110 different activities that their membership can participate in, and I think that that's an example of where they've been active, both in business and in volunteer work, and they continue that.

Senator GRAHAM. I appreciate the amount of time and thoughtful answers that you've given. I'd like to ask one last question. I believe in the principle of leadership by example; that is, if you're going to ask other people or groups to do something that you first ought to ask yourself what you're doing to demonstrate your seriousness of intention.

If the Federal Government as an institution is going to be encouraging others, either individuals or private businesses or other levels of government, to be involved in pre-retirement planning, what's your assessment of what the Federal Government ought to be doing itself for its own large number of employees?

Dr. HALE. It's my impression, Senator, they should become involved much as you've been involved I think, to demonstrate evidence of volunteer participation as they move along through their years of service. I think, additionally, they need to be educated and they need to have created a sense of awareness of the pressing needs of making the transition from a period of employment to a period of nonemployment and to continue these activities as well.

Mr. RIKER. I think that the Federal Government and then the State governments ought to illustrate the kind of pre-retirement education that should be available to the employees of both Federal and State agencies.

Back in about 1972, then-Senator Walter Mondale tried to get through the Congress and started in the Federal Government pre-retirement programs for Federal employees, and, unfortunately, he couldn't get it through the Congress and wasn't able to convince Federal agencies that it was worthwhile, so that's an example, unfortunately, of an abysmal failure, but I should say that perhaps we may be more prepared for it now than we were then.

Senator GRAHAM. I think that, in the past, an issue like pre-retirement planning has been looked upon as a marginal issue, something that was almost a fluff question. Now we're beginning to see it as a more central concern, both in terms of how it affects the total lifetime quality of an individual and, in the area of Medicare, how it might affect the total financial demands on the system.

Mr. RIKER. I think perhaps getting something as a part of the Medicare program would just illustrate the importance that's placed on this subject of pre-retirement planning.

Dr. HALE. It would certainly help the behavior that has to be stressed, because that's where a large segment of the dollars are going to, as you're well aware. I think to begin to teach that and assess its effectiveness and how meaningful it is after it's taught is extremely important.

Senator GRAHAM. Dr. Riker, Dr. Hale, thank you very much. We appreciate your participation. As I indicated, if you would care to supplement any of the comments that you have made today, we would be pleased to incorporate those in the final record of this hearing.

Dr. HALE. Thank you very much.

Mr. RIKER. Thank you, sir. I appreciate what you're doing, too.

Senator GRAHAM. Thank you, sir.

The members of panel two please come forward.

Our second panel consists of three individuals from various levels of government. First, Mr. Norman Bungard, who is the Assistant District Manager of the St. Petersburg District Office for the Social Security Administration.

Mr. Bungard.

STATEMENT OF NORMAN BUNGARD, ASSISTANT DISTRICT MANAGER, ST. PETERSBURG DISTRICT OFFICE, SOCIAL SECURITY ADMINISTRATION, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, ST. PETERSBURG, FL

Mr. BUNGARD. Good morning.

Senator GRAHAM. Mr. Bungard, if you could pull the microphone a little closer. Thank you.

Mr. BUNGARD. I don't have an opening statement as such, but you do have the remarks from Commissioner Gwendolyn King. Do you wish me to make a few comments at this point?

Senator GRAHAM. Yes, Mr. Bungard, go ahead if you'd like to make some comments, and the statement from Ms. King will be incorporated in the record.

[The prepared statement of Ms. King follows:]

STATEMENT FOR THE RECORD

OF

GWENDOLYN S. KING

COMMISSIONER OF SOCIAL SECURITY

Mr. Chairman and members of the committee:

I appreciate the opportunity to submit my comments to your committee on the role of Social Security in planning for retirement. The Social Security program provides the base of financial support during retirement for almost all workers.

Social Security Will Be There

There has been intense public discussion in recent months on the Social Security trust funds, payroll taxes, and related issues. So the first thing I would like to stress is that Social Security's current and future beneficiaries can be sure that the program is in good financial shape and will continue to provide retirement income for retirees, both today and in the future.

The Bush Administration and the Congress share a solemn commitment to protect and preserve Social Security. We are devoted to protecting its long-term integrity and we want to build even greater knowledge about and public confidence in the system.

The strength of our Nation's commitment to Social Security was affirmed beyond any doubt just 7 years ago. At that time Social Security trust fund reserves were nearly exhausted, and the program stood on the brink of defaulting on its commitments. Retirees feared their benefit payments would be disrupted and many workers, especially younger workers, lost confidence that they would receive Social Security benefits when they reached retirement.

Public opinion polls taken at that time revealed that public confidence in the program had seriously eroded, to the extent that only one-third of the public expressed confidence in the system at the beginning of the 1980's. Since the financing crisis was resolved in 1983, public confidence in the program, which depends in large measure on the public's perceptions about the soundness of Social Security financing, is on the rise. Today, Social Security is financially sound. Trust fund reserves will increase by about $68 billion this year and are projected to grow consistently over the next four decades.

In February, Social Security marked its 50th anniversary of paying benefits, on time and in the right amount, to those who depend on them. The program that issued Ms. Ida Mae Fuller the very first benefit check 50 years ago now serves nearly 40 million Americans each month. We can all be proud of the role Social Security continues to play in the lives of so many people.

Reserves Are Soundly Invested

One additional point about Social Security financing and the investment of trust fund reserves should be underlined because so many distortions have been publicized. I am especially concerned about statements describing trust fund investments as worthless IOUs which future generations might not honor. These statements cause the public unnecessary and unjustified concern.

The Social Security Act requires that the trust funds be invested only in obligations issued or guaranteed by the United States Government. As such, these investments are backed by the full faith and credit of the United States, the same guarantee that stands behind the savings bonds and the Treasury bonds, bills, and notes held by millions of Americans.

The law restricts trust fund investments to Government obligations because they are simply the safest form of investment, and safety must be the paramount consideration in investing the assets of the program that is the centerpiece of the Nation's economic security system. Trust fund investments last year earned nearly $13 billion in interest, at an interest rate of 9.6 percent. So there is absolutely no basis for the allegation that Social Security reserves are not invested properly.

Personal Earnings and Benefit Statement

Part of rebuilding confidence in Social Security is educating the public as to what they can expect from Social Security. This is true because people can neither fully appreciate Social Security nor evaluate their plans for personal financial security without information about their Social Security benefits. For this reason, the Social Security Administration has aggressively pursued efforts to inform the public about Social Security's financial soundness and its value to workers of all ages.

A major effort in this regard is the new personal earnings and benefit estimate statement, which SSA provides to any worker who requests it. This new form contains a wealth of information about Social Security, including disability and survivors benefit estimates, realistic retirement benefit estimates for both reduced benefits at age 62 and for benefits at ages 65 and 70, and the number of credits the worker needs to be insured for all types of benefits. In addition, the form contains information about key aspects of Social Security, written in simple language and organized to make the information useful and accessible to workers.

This statement serves three vital purposes:

- First, it lets people view and, if necessary, correct their earnings records promptly. The new statement contains a year-by-year display of a worker's earnings from 1951 through the most recent year. This detailed information will allow a worker to make sure that his earnings record is correct so that his future benefits will be based on all his covered earnings.

- Second, it provides workers with comprehensive benefit estimates, putting a dollar and cents value on the full package of protection that Social Security offers.

- Third, the new statement helps people do their own financial planning. They learn what Social Security can and can't do, so that they are better able to plan supplemental sources of retirement income.

Our hope is that the new earnings and benefit statement will encourage individuals to begin early in their working life to plan for their future financial security. Social Security shouldn't be a worker's sole source of retirement income, but rather should be a base upon which workers can build, to the best of their ability, a complete financial package comprised of private pensions, savings, and other investments.

Thus far, over 17 million workers have asked for the form to request an earnings statement and over 8 million workers have returned the completed request. Any worker can request the benefit statement by calling SSA's toll-free 800 number: 800-2345-SSA.

As Retirement Approaches

Two or three months before a worker would like to begin receiving Social Security retirement or Medicare benefits, he or she should contact SSA. The easiest way to do this is, again, to call the toll-free 800 number and schedule an appointment to complete an application either over the telephone or in person at a Social Security office. When the appointment is scheduled, the Social Security representative can also explain exactly what documents may be needed to process the application.

An 18-page booklet entitled Retirement is also available. It explains how Social Security benefits are calculated, explains who may receive benefits, and gives many other details about Medicare and the relationship of Social Security to private pension and tax laws.

Conclusion

Social Security has provided retirement income for workers and their families for half a century. The strong financial basis of the program today and the commitment of the President, the Congress, and the American people to preserve Social Security provide assurance that it will continue to pay benefits to future generations of retirees as well.

Mr. BUNGARD. OK. I would just like to say that the Social Security Administration is, of course, very aggressive in seeking out methods in which we can provide the public with general information and specific retirement information prior to the time that they're faced with this very important decision, and there are several methods by which we do this.

One is to provide speakers for pre-retirement seminars to employers in our area, and we probably do 25 or so of these pre-retirement seminars a year. We also have various informational pamphlets and materials that we provide to the public, a couple of which I brought with me this morning.

One is one the subject of retirement, and this covers a wealth of information with regard to their Social Security information and how to apply for Social Security, when to apply, and also to offer any assistance that we may give to these individuals.

Another pamphlet is the request for earnings and benefits estimate statement. This is available to any member of the public as well, and we encourage people to request these and to send them in and, as a result, we provide them information regarding their earnings and also an estimate of approximately what they may expect to receive upon retirement.

We also, in the public informational effort, do provide speakers on general topics, and we probably give just under 100 speeches in this local St. Petersburg district a year, and that same emphasis is provided in this entire Atlantic region, and I dare say in all Social Security offices, as well.

So it's a pleasure to be here this morning, and I'll try to answer any questions, sir.

Senator GRAHAM. Thank you very much, sir.

Dr. Larry Polivka is the Assistant Secretary for Aging and Adult Services in the Florida Department of HRS. I might say that Larry and I spent some wonderful years together in Tallahassee. He has served this State with great distinction in many positions, and I'm pleased that he could be with us today.

STATEMENT OF LARRY J. POLIVKA, ASSISTANT SECRETARY FOR AGING AND ADULT SERVICES, FLORIDA DEPARTMENT OF HEALTH AND REHABILITATIVE SERVICES, TALLAHASSEE, FL

Mr. POLIVKA. It's good to see you again, Senator.

I think, as most people here are aware, the number of people reaching and passing 65 is growing rapidly, not only in Florida, but in the country as a whole, and I think that that's going to put an increased emphasis on the need for the kinds of programs that we're discussing here this morning and the kinds of programs that you are considering supporting through Federal legislation.

Florida has in place now a number of model retirement planning and preparation programs. I think that, as you mentioned, there is a panel that will discuss some of these private sector initiatives later, and I won't go into them now.

What I would like to do is go ahead and talk about what I think would constitute an effective retirement planning and preparation program, and this is really drawn from my knowledge, which I think is relatively limited compared to some of the people here, but

nevertheless from what I have learned about what private companies, for instance, Florida Power & Light, Florida Power, and others, are doing in Florida now.

I've referred to this, for lack of a better term, as kind of an options for retirement living program. First, I think that any retirement planning program for those in the public or private sector needs to address the issues of financial planning and employment.

Older people should know as precisely as possible the extent of their financial resources in retirement projected over 20- or 25-year post-retirement period, because, as Dr. Riker mentioned this morning, people are living longer and longer in retirement, and a 25- or 30-year retirement period is not at all uncommon now, and their probable expenses at each stage of retirement.

Savings and investment strategies should then be developed to accommodate projected resources/expenses relationships. I think that there also needs to be increased emphasis on the post-retirement employment opportunities.

As Dr. Hal Sheppard has pointed out, who is here today, we'll experience over the next 10 to 20 years an increasing need for the work skills of older people. The labor market, in terms of younger workers, will shrink significantly over the next 10 years, and there will be increasing demand, I think, and as Dr. Sheppard has pointed out, for more older employees.

I think we need to begin now to plan for this, and one way of doing that is including a section in retirement planning programs on employment opportunities and the kinds of places and the kinds of things that old people need to be doing in order to prepare themselves for increased part-time employment opportunities, both around the country and at the State level.

I think that the employment security offices, the labor departments at the State level, can play an important role in this by setting up special programs for older employees, particularly focusing on part-time opportunities.

A second area that I think needs to constitute the framework for a model retirement planning and preparation program would address the area of housing. Frequently, this area is overlooked. The fact is that, as people retire, their space needs and their relationship to the community change in significant ways, and these ways need to be addressed in a conscious and systematic fashion through these programs.

For instance, the social and other social-ecological needs of a person change in retirement. They may find themselves in situations where their mobility is restricted, where transportation is more difficult, so they need to find housing that is closer to shopping centers, to health care facilities, and to places where social events and activities go on—for instance, churches.

There also needs to be an increased sense of safety and security in housing for older people, and this involves feeling and being safe, both within the home and outside the home, and, finally, there needs to be some special consideration given to the need for maintenance of the residence.

As people become older, they may suffer from chronic conditions that restrict their ability to maintain a clean home, so those kinds

of issues need to be considered. The simplicity of maintenance needs to be emphasized in retirement housing.

The third area of emphasis, and one that Dr. Hale and Dr. Riker discussed, I think, at effective length this morning, is health. We know, based on two models, Senator Graham, that we have operated in Florida for the past 3 years, that preventive health programs are effective.

These were screening programs and follow-up programs operated in two county health units, Citrus and Hernando County in Florida, and we found that those programs, that were rather rigorously evaluated, were quite cost effective and, based on that experience, we are proposing to set up a statewide comprehensive preventive health care/health promotion program in Florida that will involve my office, the Aging and Adult Services Office, and the Health Department Office through the county health units in a collaborative effort. This will be spelled out in our budget request for 1991–92, and we'll send you copies of that.

We also know that nutrition and exercise and education programs focusing on these activities are effective. I think the literature is quite extensive. I've had a person in my office who has been doing this research, reviewing the research literature for the past 4 months, and she has come across numerous studies documenting the effectiveness of exercise at almost any stage in life—young, middle-aged, older—and nutrition.

I think we also need to consider the issue of long-term care. That is something that may be one of the most difficult areas of retirement planning for most people to deal with, based on what I have heard and read. The fact is, though, that anywhere between 10 and 20 percent of people who retire will eventually find themselves in need of some kind of long-term care service.

I think it's an issue that needs to be addressed in the retirement planning process. I think people need to know the advantages and disadvantages and cost to benefits of long-term care insurance. For some time now, it's been thought that long-term care insurance, privately purchased insurance, would play a major role in relieving the financial burden of long-term care as the population gets older.

I think we may need to reassess that, however, based on, for instance, some of the data that was presented in the New York Times article yesterday, showing that the number of people with pension plans may, in fact, be decreasing rather than increasing, as has been projected for the past 10 years.

Among those with pension plans, it looks as if they're growing smaller, not larger, so contrary to some optimistic projections out of Washington and HHS for the last few months the privately purchased long-term care could pay for 40 to 50 percent of long-term care by the year 2010, I think we may be having to revise that downward from the more commonly projected 15 percent.

Whatever amount it is, it does need to be dealt with, but I think that we're still going to find ourselves in the situation where the public sector will be bearing a disproportionate responsibility for long-term care, and this brings us to the issue of the kind of long-term care and, Senator Graham, this is an issue you've been involved with for 15 or 20 years through your sponsorship of community alternatives when you were a State senator and Governor, and

I think that's an issue that the Federal Government needs to be much more attentive to than has been the case heretofore, except for Senator Pepper's initiatives over the last 7 or 8 years.

The fact is that we know how to provide cost effective long-term care in the community now, rather than in nursing homes, the relative indifference of HCFA, the Health Care Financing Agency, notwithstanding.

Finally, volunteer services that was also mentioned this morning, retirees represent a growing source of volunteers for a wide range of privately and publicly sponsored volunteer programs. Well-organized volunteer programs offer opportunities for services that often provide more gratification and meaningful human interaction than an older person may have found in his or her work life.

There are a number of model programs in Florida that we can provide information on that we don't have time to go into here, but it seems to me that this is an area where the potential is enormous. Volunteer programs would be very productive.

Finally, let me suggest that, in terms of the location for the sponsorship of the retirement planning and preparation programs that were summarized in the material, I would suggest, without at all, I'm sure, being accused of self-interest here, I would recommend that State aging units and area agencies on aging be designated and funded as focal points for the development of retirement planning programs in the public and private sectors.

Given the State and local orientations of these organizations, their location in the center of the aging network, and their knowledge of the needs and opportunities of retirement living in local communities, they are better prepared than any other public agency to facilitate retirement planning.

I'm certainly aware of the fact that the Social Security Administration, as was mentioned this morning, does an outstanding job through their publications and through their lectures and organized programs, but I think that the kind of retirement planning that we're talking about goes beyond Social Security and deals with all these other issues as well—housing, health, volunteerism—and I think that the area agencies are best prepared to provide that kind of comprehensive retirement counseling and support.

[The prepared statement of Mr. Polivka follows:]

35-350 0 - 91 - 3

Testimony for U.S. Special
Committee on Aging - May 30, 1990
St. Petersburg, Florida

The number of people over 65 has increased steadily for many years and will grow even more rapidly over the next 50 years. The growth of the over 65 population will increase the need for systematic retirement planning and preparation.

I. Model Retirement Planning Programs in Florida Prior to the 1980s many companies and their employees paid relatively little attention to the need to prepare their older employee for the financial and social realities of retirement. Employer sponsored pre-retirement planning, with assistance from public agencies and such private groups as the **American Association for Retired Persons**, is now more common than just a few years ago. The Florida Power Corporation offers a planning program that could also serve as a model for other large employers. The program could also serve as a model for smaller employers who could, with the assistance of such organizations as AARP or the area agencies on aging, for a consortium to provide pre-retirement planning programs.

Steve Uebel of Florida Power has provided the following description of the Future Focus Program:

Florida Power found that their employees were faced with major decisions to prior retirement without having a clear understanding, or appreciation, of the many alternatives available to them or the implications of the decisions they would make just before they retired, with regard to these various plans.

Every year since 1975 has seen changes in the tax code as it relates to employee benefit plans - especially in relation to the tax distribution from these plans, with such features as 10-year forward averaging, IRA rollovers and so on.

Just this year, a study performed by the General Accounting Office found that significant numbers of individuals throughout the United States show l[illegible]tle understanding of their pension plans.

Florida Power holds programs in different geographic areas, depending on the number of employees in each area who are eligible for and interested in the program. Some are held at company facilities, others are held off-site, with the major concern being the convenience of the employees, since some may have to travel as much as an hour or two to get to the program site.

During the first session, a guest speaker from Social Security talks about benefits and how to apply, how to find out an individual's earnings history, Medicare, the time requirements for the various applications that have to be filed and so on.

The company's retirement plan is reviewed in great depth and each participant is provided information regarding his or her service record, earnings history and so on. Each person is actually required to calculate his or her own pension benefit.

The second session is devoted to a number of topics with the general heading of "financial planning."

The third session is devoted to a number of topics dealing with the psychological and social adjustments that employees and their spouses have to face. Florida Power health services staff speak about the importance of maintaining good health, and provide tips for doing so. Information is provided about educational opportunities for retirees.

In addition, employees are given a preview of the number and types of documents that they will be required to complete and sign when they actually retire. Depending on the number of plans that the individual has participated in, there can be more than 20 separate documents required at the time of retirement. Many of these call for very specific and meaningful decisions.

Florida Power and Light has also developed an extensive retirement planning and preparation program for their employees.

When an employee reaches retirement age an invitation is extended to the employee and spouse to attend the Pre-Retirement Planning Program, a two-day seminar and workshop. Experts in such fields as estate and financial planning, legal matters, health, social security, FPL benefit programs, pensions and taxation present a broad spectrum of information. Panel discussions featuring FPL retirees and their spouses afford an opportunity to learn what it's really like to be retired.

Upon retirement, a number of programs and services are available and all are continually monitored to help every employee make the best possible transition from career to retirement.

Florida Power and Light has also created an extensive program for all Florida Retirees. The Quality Senior Living Program places a high premium on activities that educate. In 1988, the company began operating a gerontology van which travels the state and reaches hundreds of thousands of older people with tips and tactics for a better life. Four times each year FPL publishes "The Times of Your Life", a newspaper devoted exclusively to the interests of older people.

These kinds of programs, with the support and cooperation of public agencies, demonstrate the potential for retirement preparation.

I would recommend that state aging units and area agencies on aging be designated (and funded) as focal points for the development of retirement planning programs in the public and private sectors. Given the state and local orientations of these organizations, their location in the center of the aging network and their knowledge of the needs and opportunities of retirement living, they are better prepared than any other public agency to facilitate retirement planning.

II. Options for Retirement Living

Regardless of where organizational responsibility for coordinating retirement planning is placed, the program should focus on four areas which address the major options for retirement living.

1) Financial Planning and Employment

Older people should know, as precisely as possible, the extent of their financial resources in retirement (projected over a 20/25 year post-retirement period) and their probable expenses at each stage of retirement. Savings and investment strategies should then be developed to accommodate projected resources/expenses relationships.

Public and private sector initiatives are needed to expand employment opportunities (particularly part-time and seasonal work) for those who want or need to work. Hal Shepard, at the University of South Florida has pointed out that despite the extension-of-work-life movement; despite the scientific viewpoint concerning the weaknesses of chronological ages as a reliable predictor of work performance; and despite the existence of legislation outlawing employment discrimination on the basis of age (at least in the United States, for persons 40 and older); despite all these and other factors, employment opportunities for older people have been limited.

Several firms in Florida have hired older workers (included part-time retired workers) in large numbers. Their experience and the resistance ofless responsive employers indicate that several initiatives are needed to expand the labor market to older workers, including the following:

- Support for eliminating Social Security policies that are disincentives to continued employment.
- Increase the number of part-time and shared jobs and other alternatives to regular employment and retirement.
- Increase the amount of training and retraining provided older workers. Training combined with experience can frequently more than offset the disadvantages that may accrue from training a worker who will only work for another 5 to 10 years.

- Train personnel staff and line managers to recognize the unfounded biases that restrict older worker employment.

- Examine all benefit packages to determine if provisions discourage older workers from remaining employed or becoming employed and review laws and rules governing insurance and retirement to determine if they adversely impact older workers.

- Develop a system of negotiated early retirement.

- Develop training for managers to encourage continued employment of older workers and to counter some of the myths associated with older workers.

- Implement employment services for older workers.

  a. Determine specific jobs in terms of skills, workload and work schedules in agencies best suited for continuing the employment of the older worker.

  b. Identify "critical skills" areas where older workers could best perform.

  c. Coordinate use of the Department of Labor and Employment Security Skills Bank of Older Workers to identify labor pool and referrals.

  d. Identify and implement mechanisms for dissemination of employment information to older workers.

2. Housing

Retirement planning programs too often overload the special housing needs of older people. Life space, defined as the places one visits, shrinks with age. When once a person traveled across town or between towns/cities to shop, visit, etc., the home and immediate neighborhood now become most important. The needs which had been met across a variety of sources must now be met locally. The primary needs within a living environment include:

A) Social needs: family, friends and neighbors will be a source of continued interaction depending upon their proimity. If a person moves away from his neighborhood, he will lose contact with most of the people he knows from there. "It is accepted that as people grow older they experience both changes and losses in roles through widowhood, retirement, and disability. They not only see themselves as losing control over their own destiny but also find reciprocal relationships more difficult to retain. Family ties and kin roles, however, are maintained (Eriich, Erlich and Woehlke, 1982, p. 400).

B) Feeling of safety and security: this involves being and feeling safe both within the home and outside of the home. A person should feel safe from falls. This could be accomplished by improved lighting in parking lots, hallways, stairways, etc. He should feel safe to walk outside without fear of being attacked. He should feel as if he can function in his environment, e.g. reach shelves, and that he belongs in his environment, and

C) The home should be easily maintained: it should allow the elderly person to do as much as he wants to do for maintenance and cleaning. It should be designed or refurbished to clean easily, and repairs should be easy and cost effective. The elderly person should be able to keep up with cleaning and repairs. If the environment is not maintained comfortably in his own mind, he is less likely to invite company to visit and will therefore become more isolated.

3. Health

Research has clearly demonstrated that effectiveness of preventive health care screening and follow-up of wellness promotion (sound nutrition and moderate exercise) programs for those over 55 and older. Any comprehensive retirement preparation program must include individualized instruction in these areas. Currently, however, age 55 and over employees are frequently the most overlooked group in employer health care, medical benefits and communication programs. Despite the extent of employer liability for medical costs associated with these employees, private industry, in general has not made a concerted effort to educate older, retired and disabled workers about new health care options and Medicare.

Florida has several model programs including the volunteer physicians program in Sarasota, Ft. Myers and Naples. This program uses retired physicians to provide preventive and primary care to thousands of less affluent older people each year. Morton Plant Hospital in Clearwater has developed a program for older consumers called SeniorCare.

SeniorCare is a free membership program for adults age 50 and over. Benefits include access to a SeniorCare Advisor, speedy hospital admission, Medicare insurance claims education and assistance, health education programs, Physician Referral Service, a quarterly newsletter, monthly calendar of events and discounts at the hospital and at a variety of local business.

Members are especially appreciative of access to a SeniorCare Advisor. The advisors are trained to connect with older adults and their families and maintain a directory of community services to which members can be referred. This has also proven to be an effective method for networking with other organizations serving older adults and has enabled them to work more closely together. For example, they have been able to offer a number of educational and health screening programs with co-sponsorship and funding from local banks, retirement communities and other businesses.

By including health care information in retirement planning programs employers also can obtain the rewards which many companies claim go along with any employee communications program: strengthen labor-management relations; improved employee morale and productivity: development of a loyal, supportive retiree base; and an enhanced corporate image. Furthermore, including this information within a preretiree or retiree program may be the only part of such a program that offers the potential for yielding direct cost savings to both employer and employee.

Retirement planning programs should also be designed to address the potential need for Long-Term Care. One of the major health care issues facing the U.S., and Florida in particular, is the availability and financing of long term care, both in nursing homes and in community settings. Direct out-of-pocket costs for health care averaged over 15 percent of the elderly's income in 1984, a greater proportion than before Medicare and Medicaid were enacted. Over 40 percent of

these out-of-pocket costs was spent on nursing homes and some indeterminate, but likely very large percentage, was spent on community based care. Of the $32 billion expended on nursing homes in 1985, half consisted of direct out-of-pocket payments. In order to help meet what are likely to become truly staggering long term care costs over the next 15 years (from $1.2 billion in total costs to $3 billion by the year 2000 in Florida), the public and private sector must cooperate in the development of long term insurance and elder care programs. It is estimated that as the percentage of retirees with private pensions grows from 25 to over 50 percent, private long term care insurance will become a more affordable option and may be able to cover as much as 15 percent of the total long term care bill within 15 to 20 years.

Increased emphasis in both the public and private sectors must be placed on the development and funding of in-home and other community based alternatives to nursing home care. Florida's community care for elderly and nursing home Diversion programs represent model alternatives to institutionalized care.

D) Volunteer Activities

Retirees represent a growing source of volunteers for a wide range of privately and publicly sponsored volunteer programs. Well organized volunteer programs offer opportunities for services that often provide more gratification and meaningful human interaction than an older person may have found in his/her work life. Tutoring assistance in schools, child day care and community programs for frail elderly are just a few of the extremely useful volunteer opportunities now available to retired people.

Older American Volunteer Programs (OAVP) include the Senior Companion Program, the Foster Grandparents and the Retired Seniors Volunteer Program. Privately sponsored volunteer programs include the Tampa Executive Services Corp., and the Volunteer Physicians Program described above.

All retirement planning programs should include a thorough review of volunteer opportunities and encourage participation as a way of providing community service and building new friendships that prevent isolation.

Senator GRAHAM. Thank you very much, Dr. Polivka.

Ms. Maureen Sherman-Kelly is the Executive Director of the West Central Florida Area Agency on Aging.

STATEMENT OF MAUREEN SHERMAN-KELLY, EXECUTIVE DIRECTOR, WEST CENTRAL FLORIDA AREA AGENCY ON AGING, TAMPA, FL

Ms. SHERMAN-KELLY. Hello. It's good to see you again, Senator Graham.

I would certainly like to support what Dr. Polivka said about area agencies at the local level being an effective body to deal with retirement planning.

I'm going to deviate a little from my comments, since so many of the previous speakers said some of what I was going to say. I'm going to address some local issues, however. We in Florida, thanks to Senator Graham and the Florida Committee on Aging, have been able to augment the Older Americans Act funding with a program called Community Care for the Elderly.

Unfortunately, this is what we would consider a back-end program. This is for people who are already in the system, who are extremely frail, who need an enormous amount of in-home supportive services in order to remain in their homes. So we have a system in place in Florida that supports the back end of care just prior to nursing home.

Now, I'm not saying that this is not critical; I think this is a critical program. However, what we have been unable to fund is the front end program—the preventive end. And as has already been stated, I read in the Tampa Tribune today that of the 22 million people in the United States who are over the age of 65, 62 percent are going to have more than half of their income come from Social Security.

That, is an enormous figure with implications that are far reaching. It is a very good possibility that these are the very people who are going to need the pre-retirement services that we do not have in place in Florida on a statewide basis.

Now, at the local level, we have done, some very creative programing and I would make some suggestions and recommendations for the future. One is that the models we use have to take place in a variety of settings to reach the largest number of people.

The models need to be implemented in corporations, senior centers, and university settings. I think they need to be offered on an ongoing basis for those of us who might need refresher courses over time. These pre-retirement and health promotion courses need to take place in hospitals. Hospitals have marvelous senior care programs. They are excellent for seniors who are already focused on a healthy lifestyle but who may need more information to continue to support that particular regimen.

It would be of benefit for courses to be held in public library systems available in all types of senior housing facilities.

In addition, speaking of best practices, there was a program in Florida called ATAFZ, which, was a program to train student teachers sponsored by the University of South Florida in developing a curriculum for aging to be presented at the elementary

school level. I believe this is the type of program, that must be put into all school systems throughout the United States in order for us to educate youngsters so by the time they reach 40, they will have become far more interested and alert to some of the changes that are going to happen as they get older and be better prepared to address the various options available.

I would also suggest that we not only open up the Older Americans Act to allow for funding for pre-retirement planning, programs but strongly encourage, the Administration on Aging to focus 1 or 2 years of "seed moneys" for programs specifically aimed at pre-retirement and health promotion planning demonstration projects that could be carried out throughout the United States.

In our particular area agency, we had a very small sum of money, and conducted a health promotion program associated with the College of Nursing at the University of South Florida. The nursing students used a successful aging curriculum presented to seniors in a variety of adult day care sites, senior centers, and housing facilities.

The results of this particular project was a "train the trainer" type program, where we left the curriculum modules, and assigned senior volunteer who began to lead these programs and carry them on. That, of course, is key to the success of a program—to have it replicated.

Short term "seed moneys" for area agencies and State units on aging, are critical for the future of this kind of program. Thank you.

[The prepared statement of Ms. Sherman-Kelly follows:]

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TESTIMONY

Maureen Kelly
Executive Director

West Central Florida Area Agency on Aging
Tampa, Florida

Good morning, Mr. Chairman and members of the Committee.

If my experience with aging has convinced me of one thing, it is that aging is a concern not simply of older people in this country but a family concern of all Americans, young and old alike.

We must become better prepared to enter into our mature years and make them a rewarding rather than penalizing time of life. We need to create a system which allows older persons to promote and maintain an optimum quality of life within the least restrictive setting for as long as possible.

In Florida by 1990 20% of our population will be over 65 years of age. We are a microcosm -- a front runner -- of what is reflected nationwide.

Unfortunately, funding for Older Americans Act (OAA) programs has not kept pace with the growing numbers of older persons in need of supportive in-home services. Funding to assist in the development of senior centers has dried up. In order to augment Older Americans Act services, Florida has developed a case management system called Community Care for the Elderly (CCE) aimed at frail, low-income elderly in need of in-home care to avoid institutionalization. This program is also stretched to capacity. The reality is that our resources will only go so far. State and Area Agencies on Aging have been forced to target stagnant resources to those at the back end of the continuum of care -- those very frail older persons in social and economic need. We are obviously committed to providing the best services possible to frail older persons. However, we need to look to the front end of the continuum and develop public policies that address healthy older Americans.

If we act now to bring pre-retirement/health promotion into the basic array of services at the front end, we should reap positive results over time.

CynBG - 1

I believe if we do not include pre-retirement planning and health promotion as a major component of public policy, we will pay later with increasing health care costs.

In 1979 the Surgeon General's Report on Health Promotion and Disease Prevention stated that "Health promotion begins with people who are basically healthy and seeks the development of community and individual measures which can help them develop lifestyles that can maintain and enhance the state of well-being."

We must realize that preventative services for older persons represent a progressive series of activities which can detect chronic disease early and establish the necessary measures to prevent or retard progression. This is an ultimate cost savings of both money and human dignity.

I would recommend a broad-based policy be established at the federal level to include incentives to support pre-retirement planning and health promotion. It is critical to use more than one vehicle to disseminate the information; businesses need to be encouraged to make programs available to employees 50+ years of age and their spouses. These sessions would be beneficial in the form of a retreat and should cover financial planning (including benefits and legal issues), health maintenance, living arrangements, leisure activities, emotional well-being, second careers, volunteerism and the availability of community resources (should the need arise).

Formalized seminars and workshops should be offered through state and local Chambers of Commerce, universities' Lifelong or Adult Education programs, senior centers, public library systems, and seniorcare procare programs which are associated with hospitals.

In addition, we need to gather together "best practices" from each state, programs that have proven successful and are able to be replicated.

Since, as people, we respond to different forms of learning, seminars in each of these environments will serve the needs of a large number of people. In addition, it is imperative that seminars be ongoing for those of use who may decide we need a refresher course at certain points in our lives.

This effort will take commitment, time and, frankly, funding. However, older Americans are an untapped resource and I do not believe we can afford to overlook their skills and potential.

CynBG - 2

Senator GRAHAM. Thank you very much. This has been an extremely instructive panel.

Dr. Polivka, I know within State government there has been some effort to provide pre-retirement counseling for State employees. Could you discuss the character of that effort and what success, and impact it has had?

Mr. POLIVKA. I think the State's Senator, over the past several years, has developed an effective program. It's one that we are looking at again, however, now assessing, and the Department of Administration has requested ideas for improvements from us, and we're in the process of doing that now, but there is a set of approximately 15 or 20 publications that the Retirement Unit Department of Administration has put together that they update annually that cover virtually every phase of retirement, including all the areas that have been discussed today—health care, the financial status of individuals and ways of calculating their status vis-a-vis the State Pensions Program and the Social Security, the housing issues are addressed.

In addition to the publications, there are also seminars that are held routinely that are well-advertised that also cover the same issues that are addressed in the publications, and they also provide personal individualized counseling. People can get an appointment and meet with an official in the retirement unit office and actually deal with particular concerns that may be unique to them through private counseling sessions with officials of the Department.

Those, I think, are three phases of the retirement program that really constitute a model, and I think you were saying earlier that the public sector, if we're going to be concerned about these issues, has a responsibility to provide it, and I think to a great extent that has occurred in Florida.

Senator GRAHAM. Mr. Bungard, in your position as a Federal employee with responsibilities for many others in your administrative position, what type of assistance does the Federal Government provide to its own people, to its own direct employees, in terms of their pre-retirement planning?

Mr. BUNGARD. Well, you're speaking of the Civil Service employees themselves?

Senator GRAHAM. Yes.

Mr. BUNGARD. They are provided with information with regard to the amount of their contribution to their own program, whether it's the Civil Service or the FERS program, and a projection of estimated retirement benefits at a future retirement date. And, of course, we have personnel offices which are available to answer any questions that employees may have about their own retirement planning.

The Office of Personnel Management does also conduct pre-retirement programs—I'm not familiar, not having participated in one personally—but programs to cover some of the issues that have been addressed here this morning. The need to plan ahead, the financial need, the need to have a healthy lifestyle, the need to have fulfilling things to do in their life, that sort of thing, is covered in this Office of Personnel Management pre-retirement seminar.

Does that address your question, sir?

Senator GRAHAM. What's your evaluation of the effectiveness of OPM programs?

Mr. BUNGARD. Having not attended one, I don't have personal experience, but those who have attended have come away and have felt very good about the information. And, again, this is my personal opinion, it's kind of common sense you've got to really plan for what you're going to do in this major transition in your life, and a major portion of that, of course, is financial planning and a healthy lifestyle, a wellness program that includes exercise that we heard of earlier, and volunteer efforts.

We have some employees not currently in our office but who have returned to our office upon retirement and then volunteered their services to help out as well. So as a general comment, I'd say those efforts to provide Federal employees with pre-retirement counseling and information and guidance is good.

Senator GRAHAM. I am particularly interested in the area of health pre-retirement planning. Each of you has touched on that subject. We have several draft proposals for the establishment of demonstration projects.

Larry, you indicated in your statement that perhaps we already have enough information to move forward without further research. Based on what we already know about effective pre-retirement planning in the health area, what do you think the Federal Government ought to do?

Mr. POLIVKA. I think that, yes, we do know enough about the effectiveness of preventive care programs, particularly those that are education oriented, covering nutrition, exercise, and other preventive measures that can be taken, we know enough to, I think, justify a major initiative in this area.

Then the question is, like, I suppose, the one that you've raised, Senator Graham, you know, how do we implement these programs? How do we inform people that these services are available? How do we do the outreach in order to get them in?

I think that, as I mentioned, the best vehicle for this that we have now, and I think we ought to use what's in place rather than try to develop some new administrative arrangement, is the Area Agencies on Aging. They have been in existence now for 15 years or so, they have, in my judgment, a good track record in the community in reaching out to senior citizens through an extensive network now of programs, including senior centers, and that they would be best prepared to do a comprehensive education program, maybe working collaboratively with county health units in the case of Florida.

Not all States have the extensive county health system that we have in Florida, but here, given that we have one in each of the 67 counties, I can imagine a really close working relationship between the area agencies and county health units that would cover both screening and follow-up and then the education programs that would be, I think, essentially provided through the network that the area agencies sit at the center of.

It may well be that the county health units could provide the technical help, the people to conduct seminars, nurses, physicians, and others, and we would depend on the area agencies then to do the publicity and to conduct the outreach efforts to bring the older

people in so that this education program could go ahead. I think that would probably be the best, most cost effective way of implementing these programs now.

Senator GRAHAM. Ms. Kelly, if Larry's suggestion were adopted and this responsibility for pre-retirement planning—and I realize that it has other elements, but I want to focus on the health element—were to be assigned to your area agency, what kind of clarity of mission of what it is you're supposed to do and resources to carry out that mission would you want to have from the Federal Government?

Ms. SHERMAN-KELLY. Well, as you know, each area agency throughout the United States takes both Federal initiatives and then State initiatives, and then we interpret them at the local level, so one of the things that we would need to do would be to make sure there would be a very clear Federal initiative.

Once there was a clear Federal initiative, each State, would then set a long range goal. It would probably need to be a 4-year goal to make it effective.

We would need additional funding for program development. How the program was interpreted at the local level would take coordination efforts with the State to see how to reach the largest number of seniors.

In addition, I might add, many area agencies already conduct pre-retirement seminars within the corporate setting. We have an elder-care program, in which companies such as IBM utilize us for consultation and referral for employee caregiver problems. We have also gone into local companies to provide caregiver seminars. And I think, as Dr. Polivka said, because we have a comprehensive network of aging providers, we can utilize those people, representing the public, private, and voluntary sector, to develop health promotion programs in both rural and urban areas. It's a very exciting possibility.

Senator GRAHAM. One of the other draft proposals is a demonstration project on increased public awareness of pre-retirement with particular emphasis on mass media information. What is happening now in the State or in this community to alert people to the need of pre-retirement planning?

Mr. POLIVKA. Senator, I'm not really aware of a systematic public information campaign in this area. I mean, you've got the kinds of advertising initiatives from time to time of program specials, but there's nothing really that's done routinely, and I think that's a big problem, because as common sense as some of these issues may be, the fact is that many people, and I think this has been emphasized a few times already today, are really uninformed about the kinds of issues they're going to have to deal with in retirement.

For instance, when over half the public thinks that Medicare is going to provide for long-term care, and it does not, except for up to 100 days after hospitalization, I mean, you have to wonder, you know, that's just one indication of the, I think, rather profound lack of knowledge that most people have as they prepare for retirement or as they enter retirement.

I think it's also the case that research has indicated that up to 50 percent of the employees of some companies really do not have an

accurate idea as to the pension plan and the provisions for them individually that it will provide. It seems to me as if the public information campaigns you're talking about are really badly needed.

Senator GRAHAM. Mr. Bungard?

Mr. BUNGARD. Once again, I'd say that the Social Security Administration aggressively seeks out methods and means to provide pre-retirement information and data. What we have available locally is some of the larger employers, and I could name a few, GE, Honeywell, Florida Power, to name a few, do, in fact, conduct such seminars and provide this to their employees.

They are normally day long sessions which include an hour or two devoted to Social Security and time devoted to other subjects that have been mentioned earlier in the program. I would simply like to say the 1,300 or so Social Security offices throughout the country are available to provide such information.

I would have to agree with the doctor. I'm not sure that there is a systematic method in place to provide this information to each and every person in this country, but we are available through our media, the public informational materials that we provide, and the public speakers on topics including pre-retirement planning, Medicare coverage, and Social Security issues right across the board.

And, again, I would want to re-emphasize that the Social Security offices are available to do that portion which relates to the work that we administer.

Ms. SHERMAN-KELLY. If I could comment, one of our frustrations I think will be if we do not get a buy-in at the corporate level, and Florida, as you well know, has done a good deal of work through the chambers of commerce, especially the Florida Chamber of Commerce, but if we do not get a buy-in at the level of industry, then I think our effects will be diffusive at that level, at starting when the people are perhaps 40 or 50 in pre-retirement planning. The Chambers of Commerce generally would probably be the vehicle for that particular buy-in.

Once you get to the aging network, to the senior centers, to the housing facilities, then it's probably a local issue of how to best disseminate the information. Our media, as Dr. Polivka says, I think is interested, but there is no coordinated effort right now, although probably in Florida there are more programs on the air that focus on aging issues. That certainly would be a way to go, but I would see the Chambers of Commerce as being critical to the effort.

Senator GRAHAM. Norm, the Social Security Administration, under a new personal earnings and benefits statement, is making information available to Social Security eligible individuals as part of their pre-retirement planning. Could you describe what's happening in this area in terms of making that information available and how many people are asking for it?

Mr. BUNGARD. Yes, I'd be happy to, Senator Graham. We have a personal request for earnings and benefit estimate statement, and the person simply by supplying such information as their name, their Social Security number, and their date of birth, and of course, their mailing address, and sending it to our centralized location in Wilkes-Barre, PA, will get in return a statement that shows the total amount of wages upon which they have paid the FICA contributions, and there's a break out of yearly earnings as well for the

last few years, and we encourage everybody to check their statement periodically for its accuracy.

That is very critical to do, because if there is an inaccurate bit of information on it, it's critical to get it corrected as quickly as possible. So, first of all, they get the break out of their earnings, and the second thing that is provided to them is an estimate of what they can receive in monthly benefits in Social Security at age 62 or at age 65, so that gives them a little bit better idea.

That also is projected into the future. We ask for the information I mentioned, but also, if a person can project their earnings into the future, then we can likewise make a projected estimate of what they can receive. Once again, this is just an estimate, and we emphasize this, but it is good for planning purposes, and we encourage members of the public to do this.

I had someplace here the numbers of people that have requested this. It seems to me it was something like, I want to say, 17 million or so that have requested it, and I don't find that available to me right now. Something like 17 million or so, and 7 or 8 million people have actually sent the request in, but I'd be happy to get that precise information and provide it later. I'm sorry I don't have that exact number right now.

Senator GRAHAM. Are you able to provide that information by various district offices? For instance, can you provide information by the St. Petersburg office?

Mr. BUNGARD. I'm sorry, can a person get this request——

Senator GRAHAM. Could you say how many people from this area have requested information?

Mr. BUNGARD. It's numerous, I can say that. The numbers, we just don't have a facility for tracking that precise information. We give this what I would consider to be more than adequate public information, because, first of all, it's a relatively new device that's available, and we have given it a lot of attention in the public through various media efforts.

We have a local TV program that we appear on once a week, we have, certainly, through the newspapers, through radio, we have given this a lot of emphasis, because it is a departure from our traditional methods whereby, in the past, we've said, well, we can provide an estimate of earnings to you if you are 60 years of age or older.

But now we provide this at any age whatsoever, so it's a step in the direction of providing the information at a much earlier age, and thus helps people in their pre-retirement planning at a much earlier age.

Senator GRAHAM. I wish to thank each of you for your participation today. As I indicated earlier, if you would like to supplement your statement, we would be pleased to incorporate that in the final report of this hearing. I alert you to anticipate further contact by our office, and particularly from Ms. Susan Emmer, who is our legislative assistant working specifically on these issues, as we seek your further insight in preparing appropriate legislation.

Mr. BUNGARD. Thank you very much.

Mr. POLIVKA. Thank you.

Senator GRAHAM. If panel number three could please come forward. We now will hear some of the positive things that are hap-

pening in the private sector in Florida relative to pre-retirement planning. We are pleased to have with us today representatives of two firms who have provided leadership in this area. They will give us some insight as to what their firms are doing and what applicability their experience might have elsewhere.

First, Ms. Tessa Macaulay, who is the Director of Gerontological Programs for Florida Power & Light.

Ms. Macaulay

STATEMENT OF TESSA MACAULAY, DIRECTOR OF GERONTOLOGICAL PROGRAMS, FLORIDA POWER & LIGHT CO., MIAMI, FL

Ms. MACAULAY. Good morning, Senator, ladies and gentlemen. I'm pleased to be here today as a representative of Florida Power & Light Company and as a member of the Federal Council on the Aging to offer some observations around the question of pre-retirement and health planning.

I wish to address the matter from the perspective of a large corporation and to focus specifically on why my company, FPL, is willing to develop programs to ease the transition to retirement for older workers.

We must begin with the understanding that retirement is a time of major change for the individual. Our relationship with family and friends and spouses undergoes radical change. More often than not, we must also adjust to a vastly altered lifestyle. On the other hand, retirement offers wonderful new opportunities in personal growth, recreation, education, and so forth.

As a company that has been actively involved in the issues of aging since our then-chairman, Marshall McDonald, was part of the White House Conference on the Aging in 1981, we realize that there is much to be gained by helping our older employees make a smooth transition into retirement.

When we consider our retirement programs, we look at them from two perspectives: On the one hand, altruism, and on the other hand, self-interest. Let me explain. First, altruism. FPL operates under the philosophy of caring for its company, its employees, and the community that it serves. The second is self-interest. We must realize that retirees who make a smooth transition and who can adjust more readily will tend to be healthier, both physically and mentally, and thus less of an expense in terms of medical benefits.

We also know that by showing a genuine interest in them as they prepare to retire, their attitudes about the company as they leave us tend to be more positive, and we cannot overestimate the value of this quality.

Our pre-retirement planning begins at age 55, which is approximately 7 to 10 years before actual retirement. It's available to any employee and spouse who have reached the age. The employee and his or her spouse are taken off-site for 2 days of seminars, with the first day being devoted to their FPL benefits. Their pension, medical benefits, and so on, are included in that, and I'd like to just add here that the 2 days are generally held about 6 months apart, which gives them time for thought before the second session. In case they have more questions, we think it's just better planning.

On the second day, outside experts are brought in to cover such matters as wills, the changing of residence, leaving the State, moving somewhere else, Medicare, nutrition, health, and so on. We have a full-time employee who manages the program and is available at all times to counsel and assist pre-retirees as well as retirees.

Once an FPL employee retires, there are seven retirement clubs which are self-directed by the retirees themselves. There is also a retiree directory so they can stay in touch with one another which addresses the questions of loneliness. We also offer "The Times of Your Life," which is a publication produced by the company for our customers, and we include our retirees in that mailing.

But the major question is, does retirement planning benefit the people it serves? According to numerous surveys, retirees say yes. Studies have also shown that people are more apt to be satisfied with retirement if they did so not unexpectedly, i.e., if they planned for it, and if they have not made that decision at the last moment.

This points to the need for early pre-retirement, not a year or so before retirement. Giving ample time to reflect on the needs of retirement is very, very important, in our opinion.

Generally, a healthier lifestyle prior to retirement tends to lead to healthier retirement years, which ultimately means less need for doctor care, medication, and the health care system, and thus reduces the burden on the Medicare system.

There is, however, another aspect to this argument as well. Healthier people tend to live longer, and this may lead to a need for long-term care. One alternate worthy of consideration is community-based care for the elderly, and we urge the panel and Congress to please consider this very carefully. It is an alternative to nursing home confinement, and we find it a very acceptable one worthy of serious consideration.

I'd like to thank you for the opportunity to present FPL's views on this subject and I'd like to add just one other comment. I mentioned in the beginning that I am also a member of the Federal Council on the Aging, which, Senator, as you know, is an advisory group to the President and Congress on aging matters, and I would like to say that the Federal Council fully endorses the consideration of pre-retirement training, and I would also like to say that we do stand ready, sir, to serve you and the President and Congress on any matters of aging. Thank you.

[The prepared statement of Ms. Macaulay follows:]

TESTIMONY

BEFORE THE

UNITED STATES SENATE

SPECIAL COMMITTEE ON AGING

by

Tessa Macaulay
Coordinator of Gerontology
Florida Power & Light Company

May 30, 1990

Senator Graham, Ladies and Gentlemen:

I am pleased to have this opportunity to appear before this distinguished panel as a representative of FPL and as a member of the Federal Council on Aging to offer some observations around the question of retirement and health planning.

As you know, the demographics of our nation as well as those of the workplace are shifting, and this is creating new challenges, issues and opportunities for business as people live longer.

I wish to address the matter this panel is considering from the perspective of the large corporation and to focus specifically on why my company, FPL, is willing to develop programs to ease the transition to retirement for our older workers.

We must begin with the understanding that retirement is a time of major change for an individual. Our relationships with peers, subordinates, associates and the entire spectrum of people we associate with changes overnight. Often there is a major loss of status. Our relations with family, friends and most important, spouses, undergo radical change. More often than not, we must also adjust to a vastly altered lifestyle. On the other hand, there are new opportunities for personal growth, recreation, intellectual pursuits and family.

We are also learning that as our society grows older, the individuals making up the older age segment cannot be easily pigeonholed into character types. According to gerontologists who study the process of retirement, we tend to become less like our cohorts as we grow older.

As a result, to attach stereotypical labels to retirement or to assume that for most individuals it represents a crisis point in their lives is wrong. There is no question that retirement is a major transition but, depending on the individual's needs, attitudes, resources and outlook, the fork they take can lead to fulfillment or to a future rife with problems.

As a company that has been actively involved in the issues of aging since our then chairman, Marshall McDonald, took part in the 1981 White House Conference on Aging, we realize that there is much to be gained by helping our older employees make a smooth transition. We refer to the 35 programs and nearly 100 activities we carry out annually for older persons as enlightened self-interest. We understand, as you do, that good relations with our major constituency, are vital to our future.

However, when we consider our retiree programs we look at them from two perspectives. On the one hand altruism and on the other, self-interest. Before I cover briefly what we are doing for FPL pre-retirees and retirees, let me explain what I mean by this.

First - altruism. FPL operates under a philosophy of caring for its customers, its employees and the communities it serves. The company operates many programs and offers many benefits to enrich the lives and careers of all its employees. We are also good corporate citizens. This philosophy applies equally to those FPL employees approaching retirement and those who are retired.

Second - self-interest. We realize that retirees who make a smooth transition and who can adjust more readily, will tend to be healthier, both physically and mentally and thus, less of an expense in terms of their medical benefits. We also know that if they can evaluate the various benefits available to them early on they are more apt to be better off financially when they retire and that they will more likely be able to gain maximum benefit from the alternatives available to them.

We also know, that by showing a genuine interest in them as they prepare to retire, their attitudes about the company as they actually leave, tend to be more positive. The value of this cannot be measured but neither can it be overstated in terms of the potential impact on other employees' attitudes and morale.

To summarize briefly, FPL believes there is value in funding pre-retirement planning and retiree activities and we are convinced the benefits overall outweigh the expense.

Our pre-retirement planning begins at age 55 (seven to ten years before most people retire) and is available to any employee and their spouse from that age upward.

The employee and his or her spouse are taken off site for two days of seminars with the first day being devoted to their FPL benefits (including pension, health, and life insurance) and related matters such as investment information. During the second day outside experts are brought in to cover such matters as wills, changing residences, moving, Social Security benefits and Medicare; financial planning, budgeting, nutrition and health and more.

We have a full-time employee that manages this program who is available at all times to counsel and assist pre-retirees as well as retirees.

Once an FPL employee retires, they are not forgotten. The company regularly publishes a retiree directory, supports seven retiree clubs which are self-directed by the retirees themselves, and mails them our newspaper on Aging, The TIMES of Your Life.

The major question is - - does retirement planning benefit the people who receive it. According to numerous surveys, retirees who have availed themselves of pre-retirement planning say yes it does. Studies have also shown that people are more apt to be satisfied with retirement if they did not do so unexpectedly or make the decision at the last moment.

People who retire today can expect to live from two to three decades depending on the age they enter retirement. By the year 2000 we will have nearly 35 million Americans age 65+ and by 2030 that number will nearly double.

Since mandatory retirement has been eliminated and there is no age at which people must stop full time employment, many older workers are beginning to view retirement as an opportunity to decide early in their careers what they would like to do.

A recent survey covered in Money Magazine reported that 80 percent of adults 45 to 64 surveyed were looking forward to retirement. However, the percentage of these individuals who were "highly confident" of a comfortable lifestyle dropped to 24 percent with 69 percent being fearful of keeping up with medical costs and 45 percent fearful of running out of money. These statistics alone point to the need and value of early pre-retirement planning.

There is one other point I would like to make. In so far as early pre-retirement planning is successful in getting aging employees to focus on a healthier lifestyle versus the opposite extreme -- the costs and burdens of ill health -- we all benefit.

Generally, healthier lifestyles prior to retirement lead to healthier retirement years which ultimately mean less need for doctor care, medications and the health care system and, thus, a reduced burden on the Medicare system.

There is, however, a flip side to this argument as well. Healthier people will tend to live longer but will likely eventually need long-term care or the services of the health care system. One alternative worthy of consideration is community-based care for the elderly. I urge this panel and Congress as well, to look at this option more carefully as an alternative to nursing home confinement. Community-based care will result in less of a financial burden on state and federal budgets as well as a more fulfilling lifestyle for older people.

I thank you for this opportunity to present FPL views on pre-retirement planning and I will be happy to answer any questions you may have.

Senator GRAHAM. Thank you very much, Ms. Macaulay.

Ms. Diana Morgan is the Vice President for Government Relations at Walt Disney World.

Diana.

STATEMENT OF DIANA MORGAN, VICE PRESIDENT FOR GOVERNMENT RELATIONS, WALT DISNEY WORLD CO., LAKE BUENA VISTA, FL, ACCOMPANIED BY FRED THREADGILL, MANAGER OF EMPLOYEE RELATIONS

Ms. MORGAN. Thank you, Senator, and thank you for the opportunity to be with you here today. I also have joining me today Mr. Fred Threadgill, who is our Manager of Employee Relations, and to whom I will defer, I'm sure, on many of your questions, since Fred actually deals with these issues on a daily basis.

Anyone who has walked down Main Street, USA, recently in our Magic Kingdom recognizes very quickly the value that the Walt Disney World Co. places on our senior Americans. These individuals are a wonderful source of employment for us, and if you follow our guest compliment letters and you look at the most outstanding employees in our company, many times these will be our seniors who have returned to Walt Disney World for a second career or for a part-time job working in the Magic Kingdom or in one of our parks, and we're very proud of this group and very thankful for this source of employment.

To prepare our employees, since 1981, we have offered a program called Planning for Your Future, a seminar for our employees and their spouses at no cost. We offer three seminars per year, and these are conducted in eight 2-hour sessions, and these sessions use this AARP manual, which I have seen in this audience today.

The sessions that we offer include attitude and outlook toward employment, health and nutrition, real estate, Social Security, legal and estate planning, financial strategies, utilizing your time, and of course, company benefits. In addition, and maybe most importantly, we conduct approximately 800 one-on-one counseling sessions for any of our employees age 55 and over.

These seminars are, of course, offered to our employees to plan for their future after retirement, which we now recognize can span 20 to 30 years after an employee actually stops actively working.

We know our employees who participate in these pre-retirement programs receive the following benefits: They better understand the company's benefits and their role in his or her long range financial security; they recognize the need to plan early to ensure adequate retirement income; it helps them develop strategies to identify appropriate standards of living during retirement and learn how to cope with fluctuating inflation, changes in health, and changes in relationships.

It helps them explore a variety of working options in retirement, whether these be volunteer opportunities or actually paid employment. You'll be interested to know that we allow our retired employees to work up to 20 hours a week without loss of retirement benefit, and this, we know, eases that transition for them.

These prepare internal and external support systems previously provided through the workplace, provide the opportunity to discuss

the reality of retirement today with experts and with their peers, it relieves anxiety about retirement thereby improving productivity and increasing loyalty to the organization, and creates a positive image in the community by generating satisfied retirees who become good will ambassadors for our company.

In summary, over the past decade, the role of retirement planning has substantially increased in its level of importance within our company, and clearly the volume of activity has increased. We maintain, in addition to the counseling, an ongoing dialog with our retirees through the Golden Ears Club, which is our retired employees association, and we still include them in our company activities. Thank you.

Senator GRAHAM. Diana, I was interested in your comment about allowing your retired workers to work up to 20 hours a week without any reduction in retirement benefits. How long have you been doing it, what was the motivation for doing it, and what's been your experience with this program?

Ms. MORGAN. Let me defer to Fred, if I may.

Mr. THREADGILL. Well, Senator, that's something that's been part of our retirement program dating back to the late 1960's. It's just been a practice, the kind of business we're in being open 365 days a year, we have always had a need for part-time workers, so it was just a natural fit with the kind of business that Disney is involved in to make that a part of our retirement process.

It's just been somewhat second nature to us. I don't think there was really a conscious decision to do it, it just seemed to make sense at the time, and we've continued that practice.

Senator GRAHAM. You've been doing this now for better than 20 years. What's been your evaluation of how many people have taken advantage of it? How has it contributed to the company?

Mr. THREADGILL. Well, it's certainly been very helpful. Walt Disney World opened in 1971, so it wasn't until 1981, under the 10-year vesting rules that were in effect at the time, that we actually had employees eligible to retire.

To date, we have approximately 850 employees who retired out of our base employment of 33,000. We have about 10 percent of our work force that's in the over age 55 that would be considered eligible to be future retirees. It's been very successful, because it brings a trained employee to the job, a very reliable employee, the attendance record, the reliability of a retiree or senior citizens, in general, tends to be maybe a notch above employees in general.

Senator GRAHAM. Do either of your two companies' pre-retirement planning include any health evaluation or health counseling?

Ms. MACAULAY. We don't do health evaluations on an individual basis. In other words, we don't bring in employees and put them through a series of tests. We do touch on health issues, particularly in the areas of good nutrition, reducing calories, and related information. The changing nutritional needs of the older person is brought in quite deliberately. Aside from that, I can't say anything except encouraging a healthy lifestyle in general. Exercise, continue to be active, et cetera.

Senator GRAHAM. OK.

Ms. MORGAN. That is included in one of our 2-hour sessions of the eight sessions is on health and nutrition.

Senator GRAHAM. Diana, you mentioned that your pre-retirement program begins at 55. Is that correct?

Ms. MORGAN. When I was identifying those employees who may take advantage of the retirement program, it's actually age 55 and above, yes.

Mr. THREADGILL. If I could follow up on that, we would allow an employee on a space available basis starting at least at age 45. From my experience with these seminars, a very common comment after the series is over, particularly after financial planning and some of those sort of issues are discussed, is, gee, I wish I had had this at a much earlier age. It's a little late for me now at age 62 to start becoming concerned about investments for my future. My future is now. So certainly the earlier age that this type of program can be available—one of the other speakers talked about including this as part of a high school or certain college curriculum—I certainly think and would agree most of this stuff is common sense, but so many people seem to find a way to put it off that just making this a part of our society in its natural planning would be very important at any age.

Also, in the area of health care, our retirement program provides for those employees who have been with the organization 20 years the continuation of their free medical program or medical insurance for themselves and their dependents, so we naturally encourage our employees to fully stay in contact with their doctor, and that would be covered as part of the medical program.

Senator GRAHAM. Could you elaborate on that? What is the nature of the health care program post-retirement?

Mr. THREADGILL. There are two phases. Employees that have 20 years of service with the Walt Disney Company receive or continue to receive free medical care, the normal medical insurance type of program. We're self-funded. Employees would visit their normal doctor or hospital, just as they would as an active employee.

Employees with less than 20 years would have the opportunity to purchase for the remainder of their life and the remainder of their spouse's life group insurance through Disney at whatever the prevailing cost might be. This is a serious problem for a number of employees who may leave a smaller organization, and that ability to continue health care for the remainder of their retired years is not always available.

A number of employers have taken advantage of the COBRA provisions, but that, frankly, expires after a relatively short 2- to 3-year period, depending on the circumstances. That's really not sufficient to carry someone through their retirement years.

Senator GRAHAM. How do you integrate those health care provisions with Medicare for those persons who are Medicare eligible?

Mr. THREADGILL. The current understanding I have of that, Senator, is we are the primary carrier, we pay first, since our program is a 90 percent plan, we pay 90 percent of the cost. An employee certainly would have the option to turn to Medicare for some assistance. The two programs are integrated, but it's my understanding we are the first payer, and Medicare then becomes secondary for those items that it pays for.

Senator GRAHAM. Tessa, when do you start your pre-retirement planning at FPL?

Ms. MACAULAY. It starts at age 55, the employee becomes eligible. I would say most of our employees take advantage of it at that age, and the spouse, of course, can be any age. Age 55 is for the employee.

Senator GRAHAM. How long has FPL been providing this service?

Ms. MACAULAY. Our program started before I arrived, I'll estimate, Senator, that it began about 12 to 14 years ago. So it's been in existence a while now and has a bit of a history.

Senator GRAHAM. How common would you say the plans that you have at Walt Disney World and at FPL are among the corporate community in Florida?

Ms. MACAULAY. Not common enough. I don't think enough companies are doing this on the scale that either of our companies is, and from listening to the Disney representatives, they certainly are doing a much broader program than we are. Yet, we're considered a very ample, well-provided-for program by other corporate standards.

Is that your experience as well?

Mr. THREADGILL. Yes, that would be our experience. I suspect that large employers, and particularly single-site employers or their large headquarters staff, are more apt to have this kind of program where you can bring to bear enough retirees, say 30 or 40, to make up a class.

A large employer that has small pockets of employees located all over the State or all over the Nation, there is no single body of employees sufficient to justify a classroom type of setting. They would have to rely more on, say, a document like this where an employee might study at home.

It would be a very aggressive company indeed that would pay the travel expenses to, say, fly an employee in to a corporate headquarters from a remote location, but some companies, in fact, do that. But I would agree, not enough.

Ms. MORGAN. It leaves open the question possibly for pooled resources for those companies that don't have the population base sufficient to establish their own program, where we have that, where you have some smaller employees to pool their private resources to provide such counseling. It might be something that we could offer an incentive for.

Ms. MACAULAY. If I may add, I can understand where the travel would be a big problem and very costly to the company. What we do is have it onsite at our five divisions. We cover about half the State of Florida, and the company is divided into five operating divisions. Each of these divisions handles its own pre-retirement training.

It follows a format, of course, but we rely on local experts to come in for the second day when other information is provided. The company benefits portion is handled by the personnel department in that local area, but the Social Security representative would come from Daytona, for example, for that part of the company, or Ft. Lauderdale for that part of the company. So we do rely heavily on local experts to help us with training.

Senator GRAHAM. The previous panel suggested that the local Area Agency for Aging could be the catalyst for more extensive pre-retirement planning. Do you have any comments as to where

the initiative for expanded pre-retirement planning could most effectively come from in your communities?

Ms. MACAULAY. We've worked very closely with the Area Agencies on Aging throughout the State, and we've relied very heavily on them for all kinds of wonderful information. In addition, the State Office on Aging, i.e., Dr. Polivka's office, has promised information on our older customers in general.

I would highly recommend the Area Agencies on Aging for such information for a corporation. As far as I'm concerned, they're the local experts on aging, and they would be my first choice if I needed to start a program up from point zero. I would go to the Area Agency on Aging.

Mr. THREADGILL. I would certainly second that and agree with that. The only exception I might have to that is the focal point of the retirees themselves, particularly coming to the State of Florida unfamiliar with these services, they would tend to migrate more toward the natural Social Security Administration offices. It really depends on the nature of that State and the quality of the kind of program that exists there.

We certainly receive outstanding assistance from the local Social Security Administrator in Orlando, who participates fully in our seminars, and local seminars that take place throughout the year. They do an outstanding job of communicating Social Security benefits, but their scope does not go into these areas that we've discussed today in terms of health planning or those other aspects of retirement beyond the pure benefits of Social Security.

Ms. MACAULAY. Senator, the only thing I would like to add to that is the question, do local companies know about the Area Agencies on Aging? That could be a big question. If you're familiar with the aging network, of course you do. Or if you have parents who are tied into the Social Service system, yes, you do there, too. But would the average small businessman who really doesn't have any contact with aging know about the area agency? That would be the only stumbling block. The logical first step would be to get that information out to the business community.

Our last panel also mentioned working with the chamber of commerce in this area to connect the aging network with the local businesses. It's a wonderful idea, it has gotten started here in Florida through the Florida Chamber, I'm happy to say my company was very supportive of this and continues to be. We now have a standing Committee on Aging in the State chamber.

However, while the chamber has been very supportive, the local businesses are surprisingly uninformed about aging. And it has not been easy to motivate them to become interested in the issue of aging, despite the fact that we're all here in Florida where at least 25 percent, a minimum of 25 percent, of their customers are older people.

You'd think that the private sector would be particularly aware of older people and the issues of aging right here in Florida, and yet surprisingly it is not. The chamber is hammering away at this point, but we still need to continue. We're making some headway, but not nearly enough, certainly not suitable enough and not to the degree that we would like to.

Senator GRAHAM. You both gave a combination of altruistic reasons but also some self-interest reasons for providing pre-retirement counseling benefits.

I think, Tessa, you mentioned that it increases the morale and commitment of the employees while they're still actively employed if they know that the company is concerned about their post-retirement life. How effective have those kind of arguments been to other firms to encourage them to get involved in pre-retirement planning?

Ms. MACAULAY. To be truthful with you, I don't know that we've reached that degree of conversation with the business community in general. We're still hammering away at the fact that they have a 25 percent customer base made up of people who are over the age of 60, and that those numbers are going to increase.

I mean, the very bare, minimal facts are still being presented to the business community in Florida, and by the business community, I really don't mean the large companies such as Disney or IBM. There is much more enlightenment in that circle, but I'm talking more about the small businesses, right down to the local merchants.

We're having much more success with the State chamber than we are with the local chambers. Our successes are small, and they're measured, and we're very pleased with them, but out of all of the chambers of commerce in Florida, I don't think that four local chambers having initiated local committees on aging is a major success yet.

We're proud of it, because we started with none. No one had a committee on aging, and we now have four local chambers, but I'm afraid, Senator, we just haven't gotten to that level of discussion.

Senator GRAHAM. Do you have any recommendations for what the Federal Government—you mentioned the role of the Social Security Administration—could do in terms of encouraging more attention to this issue and any assessment of what kind of a job the Federal Government is doing for its employees?

If FPL and Walt Disney World received A's on the report card of their outreach efforts for pre-retirement planning, what grade would you give the U.S. Department of Defense or the U.S. Department of Interior or any other Federal agency for efforts directed at its own employees?

Ms. MORGAN. I'm not sure we feel qualified to grade those departments.

Ms. MACAULAY. I don't know. I don't know what the Federal Government is doing. So, if they're doing wonderful things, they ought to try to get the word out, because those of us outside the government just don't know.

Ms. MORGAN. I think one interesting phenomenon that we all will be facing with the shortage of the labor pool and, certainly, it's more intense here in Florida right now, and particularly here in central Florida, but as we in the service industry face that shrinking labor pool, then we will be looking more and more to that senior market to fulfill those much-needed positions, and I think that will raise new questions as to how we provide benefits for those in that second career or in a career that may not last the full 10-year period for vesting that employee for benefits.

We can still provide a valuable role in the counseling and in the preparation and in that transitional period as they move from a full time employment to part-time employment to full retirement. But I think that's a question that we at Walt Disney World are beginning to ask ourselves as we more and more recognize the value of that labor source.

Mr. THREADGILL. Senator, this is not a Walt Disney World opinion, but it is an observation that I've made, being in the business of working with retired employees and retiring employees. It's been very helpful over the last couple of years in the raising of the Social Security ceiling, the earnings ceiling.

There's a great deal of confusion on the part of the retired citizen about that loss of money. There's a real negative reaction to that. There's confusion, they lose track of how much money they've earned working for us, it's often times at the end of the year before the Social Security Administration, I guess, catches up with them and they start having to turn money back.

That whole process seems to be very confusing to our retirees, and the help that you've given and others in raising that ceiling is to be applauded. Your continued efforts in that direction will certainly be appreciated in the private sector. I don't know if the budget can stand it, but from an ease of communication, that really is difficult to explain to people and very difficult to track. We've tried to help employees track that so they know when to slow down, but often times that's very difficult to track.

Senator GRAHAM. That restriction on how much a person can earn before they begin to have to have some reduction in their Social Security benefits has gone through a transition. It was originally more of an issue of opening up employment places for younger workers than it was a budgetary issue. Now that we're in a period of time when we need to have those older workers, it's being defended as a budget question.

I agree with you. I think it is a source of confusion, of anger toward the Social Security system and the Federal Government, and is increasingly a barrier to an intelligent policy of utilizing the talents of Americans, and particularly in this area of providing a graceful transition for many older Americans.

Well, I want to thank you very much for what you are doing for the people of your two excellent firms and for the leadership that you're providing to the business community in Florida and America.

Our last panel consists of some of the most significant providers and advocates for older Americans and older Floridians and also a retiree witness, who we've had the pleasure of hearing before the Senate Banking, Housing and Urban Affairs Committee in the past.

I want to thank all of those who participated in our hearing thus far and to those who are going to share their personal experiences as part of our final panel.

Mr. Pomeroy Carter has been a leader in issues relating to older Americans for many years and has been a very close friend and valued counselor, for which I again express my appreciation, particularly for his participation here today. Mr. Carter is the president of the Advent Christian Village in Dowling Park, FL.

Mr. Carter.

STATEMENT OF J. POMEROY CARTER, PRESIDENT, ADVENT CHRISTIAN VILLAGE, INC., DOWLING PARK, FL

Mr. CARTER. Thank you, Senator. It's a privilege to be here and share in these hearings, and I'd like to express my appreciation to you for the leadership you have provided not only our State, but certainly our Nation in looking at issues which affect our older citizens.

Certainly, I feel that the need for pre-retirement counseling and, certainly, retirement and health planning is very necessary and should help people to be aware of what they're facing. So many times, most people, when they think of retirement, think of it as being a time to enjoy freedom from work, freedom from punching the clock, freedom from schedules, bosses, supervisors, and so forth, and they focus on fun and games, on travel and leisure, and times when they will indulge themselves.

This is OK. I find that probably for the first year they do enjoy these types of diversions, and, as the short film pointed out, after that many of them become lost. I have been mostly involved in serving the older retiree, and that's where I would like to focus this morning, because I think it is probably going to be the area that Florida is going to have most of its problems, because we know that according to all the projections our population in the State from 1980 to the year 2000 will have increased by 56 percent.

For those 85 and older, this segment will have increased by 210 percent. So when you think of planning or counseling and planning retirement services, I think this is the area that we're going to have the most problems.

What has happened in the past is that people who have migrated into the State have left when one of the spouses have died or some kind of condition has developed that has been debilitating and required assistance. However, this is catching up with us, and we're finding that more and more of these people who have been removed from their roots, their families, their neighborhoods for 20 or more years are staying in Florida and are looking to their neighbors, to the communities, to the State government, whatever sources might be available, to help provide for their needs.

Unfortunately, what they find is that there are so many gaps in services. Thanks to you, we've developed some programs, certainly, the Community Care for the Elderly, the alternatives to institutionalization, are very much needed, and Florida has geared its program to these alternatives to a certain extent by providing only one-half the number of nursing home beds that the rest of the Nation provides.

However, you cannot reduce nursing home beds by that amount unless you have viable alternatives. Community Care for the Elderly is meeting only a fraction of the need, primarily because of the lack of funding. So we do find in most of our communities throughout the State these gaps, the lack of coordination of services, and, where the services are available, often times lack of cooperation, which is very confusing to the older retiree.

It's hard to counsel with people when these types of conditions exist, when the services are not available. I feel that we definitely need more planning by our Government officials, by those in regional planning councils, health planning councils, focusing on the needs of the older person, especially in the 85 and older group, when more of the supportive services are needed.

I feel that we ought to look at the continuum of care that will be needed, and this is where I have had the opportunity to be involved in developing a community where there is a comprehensive continuum of care. It hasn't been easy, however, because to try to provide services and have them in place when an older person needs them, you have to have funding for those services.

When there are gaps in funding, often times you are not able to provide the level of care a person needs, but you have to push them into a level of care that is funded or which they can have access to because of their eligibility for that particular service.

Ideally, we have tried to develop a program that not only has the services on a continuum available, but we have tried to develop a philosophy of prevention and wellness. We have worked with the University of Florida College of Medicine for the past 15 to 20 years developing this program. We developed our own little modified HMO, which we call our Membership Program.

We have found that prevention and wellness is tied to a person's sense of well-being and security. You have to reduce their stress, you have to reduce their anxiety, if they are really going to have a sense of wellness and to develop prevention.

You have to counsel with them and assess their needs, work out a nutrition program and exercise program, but also help them to feel that life is worth living, a sense of self-worth and dignity. We have found that one of the things that makes the greatest impact on our residents is to help them feel that they still have something to contribute, that they are needed, that there are others that can benefit by something that they can do.

I think that retirement often times is a self-centered experience where we begin to think only of ourselves and our own needs, and it helps to take that focus off ourself and place it on others.

Of course, to be able to develop the kind of community that I'm talking about successfully means that we have to quit focusing only on acute care, and I think you know and many know that 90 percent of the Medicare dollar is still spent on the last 30 to 60 days of a person's life.

We've got to be able to divert some of those funds to developing the prevention and wellness programs that I have mentioned. We have to find alternatives to nursing home care. I like what you're doing in Oregon on a national level in developing these alternatives, and Dr. Polivka and I have talked several times about the need for that in this State.

I could go on, but let me stop, and hopefully I can respond to some of your questions later.

[The prepared statement of Mr. Carter follows:]

TESTIMONY

OF

J. POMEROY CARTER

TO THE

UNITED STATES SPECIAL COMMITTEE ON AGING

MAY 30, 1990

ST. PETERSBURG, FLORIDA

Distinguished members of the United States Senate Special Committee on Aging, it is an honor to appear before you this morning and share with you some observations and ideas I have had during the 30 years I have served as President of the Advent Christian Village at Dowling Park, Florida.

Most persons find it painful to face their mortality and consequently never get around to executing their wills or adequately planning for their latter years when they most likely will become more frail and dependent on others. This seems especially true of those who retire and migrate to Florida. They come because of the climate and in search of fun and games - convinced that their new life of leisure will last happily ever after. Admittedly, they appear wealthier, healthier and better educated than their counterparts in the rest of the country. Many of them do enjoy the good life for a couple of decades. When a spouse dies or one or both experience a debilitating condition, however, they often find it difficult to cope. Some return to family and friends in the north from whence they came. Others seem to have no one to whom they can turn. They are looking to their neighbors and communities for help.

According to the most recent population estimates from the bureau of Economic and Business Research at the University of Florida in Gainesville, by the year 2000, the Florida population is to increase by 56% over the 1980 population while the "over 85" population is expected to grow by 210 percent. It is easy to understand why many are concerned that we in Florida will not be able to afford or provide the supportive services our older citizens are going to ned in their homes or in institutions.

No doubt, others appearing before you will discuss the disproportionate cost of health care for those over sixty-five years of age with 90% of the medicare dollars being spent during the last 30-60 days of their lives.

During the past several years while serving on the Florida Committee on Aging - now named the Florida Pepper Commission on Aging - the members and I have become convinced that the state and federal governments need to focus on prevention and wellness in order to postpone and ever prevent custodial care. More emphasis should be placed on community service systems to help older persons live in the least restrictive environments as long as possible. More medicaid waivers like the state of Oregon is using should be permitted.

More emphasis should be placed on developing a continuum of care in every Florida community large enough to support it. Partnerships should be encouraged among church and civic organizations, business and governmental organizations to develop the continuum. It should not be the sole responsibility of government.

I began becoming aware of the need for a continuum of care while doing a school of social work internship at the Jewish Home For The Aged in Miami in 1959. The more admission studies I did the more I became aware of a recurring theme. It seemed most of the applicants had retired to Florida several years earlier from a northern state. Their spouse, usually the husband, had died. If they had children, they were located many states away. The applicant's health had begun to decline. They often found themselves afraid and worrying about what would happen when they could no longer drive their car, do their shopping, cook their food, bathe, or dress themselves. They were anxious about where they would end up if they should lose their sight, break a hip, have a stroke or become mentally impaired. They wanted to get settled somewhere: a place of their choosing, where they could feel secure knowing they would be cared for in familiar surroundings when they were no longer self-sufficient. Most of them had a horror of ending up in one of the typical nursing homes of that day. Realizing the anxiety, fear and stress under which many of them were living - whether it was in a plush apartment in a respectable neighborhood or just an efficiency or single room in a retirement hotel in South Miami Beach - I began understanding their concerns.

As I became more and more aware of the gaps in and fragmentation of services available to the older and more dependent elderly, I became convinced that someone needed to develop a continuum of care which could meet the needs of retirees, whatever they might be, at their point of entry.

The desire to develop a comprehensive retirement center with a complete continuum of care pervaded my thinking as I began working at Dowling Park. I will not bore you with the process of putting together the different aspects of the continuum which involved working with an unbelievable number of funding and regulating governmental agencies. However, I would like for you to know the scope of the program at the Village. There are four types of housing available:

A 38-lot mobile home park

Over 75 privately owned or leased single dwelling and cluster houses

30 garden apartments

A H.U.D. #236 project with 80 apartments

A H.U.D. #202 project with 100 apartments

A 14 bed assisted living facility

A 108 bed nursing care center

I had always wanted a personal care level in the continuum between housing and the nursing home, but, because there has never been adequate funding available to underwriting the cost of this level of care for the indigent, we delayed developing it until this year.

Instead, we developed a network of supportive services to assist frail older persons who live alone and have physical impairments which make it difficult for them to care for their daily living needs. It did not take long to realize that even though we had a superior nursing home, the residents strongly resisted being admitted to it. They wanted to remain in their own homes just as long as possible or return to them as quickly as possible. We learned that if they felt secure - if they knew someone was available to assist them in their own living units at any hour of the day or night - some of them could remain, especially in the H.U.D. facilities which are physically attached to the cafeteria, senior center and clinic, much longer than persons who live in the general community.

Therefore, we moved to install in all living facilities of the elderly within a two-mile radius of the center emergency call buttons and fire and smoke detection equipment. This involved having the master monitor manned twenty-four hours per day, seven days per week. It involved having on duty or on call appropriate persons who could respond to emergencies - nurses, physicians' assistants, a deputy sheriff, etc.

Having adopted the continuum of care philosophy in the early sixties, you can understand why we became such avid advocates of Senator Graham's Community Care For The Elderly Program. We were one of the original pilot projects and have continued with a permanent program offering:

Case Management
Chore Service
Day Care
Delivered Meals
Homemaker
Medical Transportation
Personal Care

We have insisted from the beginning that certain aspects of the program are needed seven days per week, twenty-four hours per day. Otherwise, we could not understand how the frail and dependent persons who live alone would survive from five p.m. on Friday until eight a.m. on Monday. A forty-hour per week program does not provide a viable alternative to institutionalization for the older dependent person who lives alone with no family near.

In addition, we organized and continue to operate a rural health clinic staffed by a physician, two physician's assistants and nurses. We have our own lab, x-ray and emergency equipment. The clinic has a preventive medicine and wellness philosophy. (We developed a modified H.M.O. type program to encourage this practice. We call it our membership program. Forty dollars per month covers all medicare eligible out-patient services including routine examinations and assessments, preventive practices and the initial deductible and 20%, not covered by medicare.) Consequently, every resident is carefully assessed and a preventive or treatment plan is developed for each of them. Physical and occupational therapy is offered and a degree of home health services are provided. As mentioned earlier, emergency health services are available around the clock.

There is no question that persons living at the Advent Christian Village appear to be able to stay out of the nursing home much longer than they could if they lived in most communities in Florida. Even so, there are those who cannot function in their own homes, and there will always be a need for nursing homes. Current estimates indicate that one-third of all residents in nursing homes and one-half the cost of care goes for persons with Alzheimer's disease. Even these persons, if they are living with their spouse, child, sibling or friend, can benefit from day care and other supportive services. If alone, many of them could function in an adult congregate living facility which offers personal care and supervision.

CONCLUSION

If Dowling Park could be considered a microcosm of many cities and communities within the state, some of the ways we have attempted to meet the needs of our older residents could possibly be used to cope with the growing demand for services from those who are growing older, more frail and more dependent throughout the state. Even though some of the alternative living arrangements with supportive services might not be as cost effective as we might wish, the improved quality of life which they offer older persons make them worth trying.

The big problems existing today which undermine older persons' sense of security continue to be the fragmentation and gaps in essential services - especially weekend and night time services - and the lack of cooperation and coordination among those who deliver and control the programs. I have a dream that one day all government sponsored programs for the elderly will be grouped under one agency which will have the authority to enter into partnerships with other groups to plan and develop on a common site in every community large enough to support it, a comprehensive continuum of care offering appropriate housing; a senior center providing congregate meals, social services, recreational and enrichment programs on the site and providing home delivered supportive services to all older adults living within a reasonable distance of the center. On each site there would also be a geriatric clinic with a preventive medicine and health maintenance philosophy providing out-patient health services. Home health services and emergency medical care would work out of the clinic. Finally, there would be an adult congregate living facility or assisted living facility with personal care and a nursing home facility located on each site. Central intake for all services would diminish the frustration and confusion many oldsters now experience as they are shifted from one agency or person to another.

It would be ideal to have continuums of care which serve those whose income level now excludes them from government subsidized programs. I would personally prefer to see a single program available to all older persons needing the services with those financially able paying the full cost, or paying according to their ability to pay. It bothers me to see some people denied services or placed in an untenable position just because they have a few dollars over the limit and do not fit the mold. Let them purchase their care - especially in smaller communities where there is not enough volume to permit two separate continuums of care.

My dream is idealistic, I realize, but we have to have goals or targets to shoot at or we hit nothing. The cost of comprehensive continuum of services scares off many professionals and governmental officials but I believe a considerable sum could be saved by better coordination and cooperation. Also, I'm still convinced that we need some mechanism whereby the federal government would develop a formula to help Florida underwrite the cost of services to the disproportionate share of those who paid taxes in other states during their productive years and are now creating hardships for the state by the amount of services they need. This is already done in given areas when a military base is located in a specific area and created a disproportionate demand for services to their families.

Of course, all of this requires a lot of research, planning and educating of those who control the resources. Until then, we need to make every effort to better prepare all persons for what they will most likely encounter as they grow older and more frail. An ounce of prevention is still worth a pound of cure.

Senator GRAHAM. Thank you very much, Mr. Carter.

Our second panelist is Mr. Walter Hill, who is a Volunteer Retirement Counselor for the American Association of Retired Persons in Ocala.

Mr. Hill.

STATEMENT OF WALTER HILL, VOLUNTEER RETIREMENT COUNSELOR, AMERICAN ASSOCIATION OF RETIRED PERSONS, OCALA, FL

Mr. HILL. Thank you, Mr. Chairman.

I'm Walt Hill, 1 of 170 determined volunteers in the American Association of Retired Persons. The Association commends you for your interest in retirement planning, an area in which we have been active for more than 20 years.

Retirement can be a traumatic time for many individuals, but the anxiety can be eased by pre-retirement planning. For many people, retirement planning is synonymous with financial planning. However, good retirement planning consists of much more than a look at finances.

Before retirement, I was a personnel manager for a major company where I was involved in pre-retirement planning programs for many years. I have been an AARP volunteer retirement planner for about 10 years in Florida. My responsibilities include being a spokesman to the media, business leaders, and maintaining contact with individuals, organizations, and others interested in the issue.

We receive training through a network of AARP area staff and volunteer supervisors. We are trained to initiate and implement retirement planning programs for employees and organizations. AARP certifies and supervises us and assures uniformity by providing the work books and leader's manual.

AARP's Retirement Planning Program consists of 10 sessions offered in three possible formats: small seminars, lecture workshops, and lectures only. The small group method is the best, creating a support group that has an atmosphere and is encouraging interaction.

The Retirement Planning Program is based on the concept that retirement affects the worker and his or her family. Our approach addresses a wide range of topics, including financial planning, housing, working options, quality use of time, and health care.

This comprehensive examination of all sides of retirement teaches individuals how to examine and to manage the change in their lives and how to make informed choices about their future. It enhances the freedom, the dignity and independence of retirement.

The cost of sponsoring organizations for our program varies, depending on the option. Sometimes we organize and conduct a seminar for retiring employees. Our facility was trained for us to be a facilitator, and many times we have customized training sessions for up to 24 facilitators in which a group is trained.

At the initial outlay of training, the cost of sponsoring an organization is small. Once a trainer is available to conduct seminars, the only cost for the seminar is a work book, Think of Your Future. This is the one that the people from Disney World showed you. In-

cidentally, they conduct programs, and I will be at their program next month.

Many programs are offered during business hours, but most of them are offered during off hours, which lowers the company cost. The results of programs are beneficial to individuals and to the sponsoring organizations. According to a recent AARP survey, many corporation sponsors report better employee morale and goodwill.

In my written testimony, I have described AARP's newest project, programs for retiring service personnel and also for the clergy. However, in the interest of time, I will not describe them in my oral testimony.

The Association believes that retirement planning is helpful in preparing those about to retire for a new life. Also, it can help our society benefit from increased longevity of its citizens. AARP is committed to improving the retirement of current and future older workers. We would be glad to work with the chairman in achieving that goal and encouraging individuals to plan ahead for their retirement. Thank you.

[The prepared statement of Mr. Hill follows:]

STATEMENT

OF THE

AMERICAN ASSOCIATION OF RETIRED PERSONS

ON

PRE-RETIREMENT PLANNING

The American Association of Retired Persons (AARP) appreciates the opportunity to present its views on pre-retirement and health planning. The Association commends the chairman for his interest in an issue that affects the lives of many Americans. This is an area in which the Association has been active for nearly twenty years.

Retirement can be a traumatic time for many individuals, but the anxiety surrounding it can be eased by pre-retirement planning. However, the definition of retirement planning is not the same for everyone. To many it is synonymous with financial planning. That is, if you have enough income from Social Security, savings, pension and investments, retirement will be a time of relative economic security. Yet, experience suggests this is a limited and inadequate concept of retirement planning.

A second approach to retirement planning consists of an explanation of company-provided benefits made available at or near retirement. This information may be imparted in written and/or oral form in a group setting or through individualized counseling. If counseling is provided, it is often done by company personnel who may or may not be specialists in either health benefits or financial planning.

AARP has been conducting retirement planning education since 1972. Thousands of representatives of companies and organizations have been trained by AARP staff to organize and conduct workshops for their employees or members. More recently AARP has offered training to military personnel and to religious organizations' staff and clergy.

There are approximately 170 AARP volunteers nationwide who serve as spokespersons to the media and to business leaders, and who maintain contact with individuals, organizations, and agencies interested in retirement planning programs. They receive training through a network of area staff and volunteer supervisors. Currently the corps of volunteers is being trained to initiate and implement retirement planning programs for employers and other organizations. In addition to training its volunteers, AARP certifies and supervises them and ensures uniformity by providing each trainer with workbooks and a leader's manual.

AARP's retirement planning program consists of 10 sessions and is offered in one of three possible formats: small group seminars (16-24 participants); lecture-workshop (25-100); and lecture only (for audiences of 100 or more). The small discussion group method is best at fostering a support group atmosphere and more interaction.

Our program is based on the concept that both the individual and his or her family are affected by the changes ahead. We address the whole person, including perceptions of life in retirement; social and psychological attitudes about change and adjustment; questions about housing, relocating and intergenerational living arrangements; awareness of potential physical changes in later life; the importance to health and the quality of life of diet, good nutrition and exercise; the options available for work and voluntary service; the techniques of financial record keeping, planning, investment strategies and estate planning, and the legal matters that should be addressed at this point in life. This comprehensive approach can enhance the retirees' freedom, dignity, and independence, and offer them options and opportunities not previously considered. We believe this approach assists them to take charge of their new life and make informed choices about their use of time, their health, and the future.

The chairman has expressed an interest in the cost of this type of program. AARP's experience suggests that the cost to a sponsoring organization for AARP's program varies depending on

the option chosen. When AARP is asked to organize and conduct a seminar for retiring employees or members, the total cost is approximately $895 plus expenses. If a staff person is trained by AARP as a retirement planning facilitator, the tuition cost is $495. Customized training for up to 24 facilitators costs approximately $270 per trainee.

Aside from the outlay for initial training, the cost to the sponsoring organization is small. Once a trainer is able to conduct seminars, the only cost to the sponsor is the $18.25 workbook, "Think of Your Future", plus any time off for participants if it is held during company time. Many programs are offered during "off hours", lowering the sponsor's costs. The more participants a facilitator trains, the lower the per capita cost.

According to a recent AARP survey many corporate sponsors report better employee morale and good will. For them, this is sufficient justification for offering the program.

AARP's experience with the military and the clergy highlight the value of pre-retirement planning. The average age of retiring military personnel is the mid-forties. While in the service, they have been taught, even required, to value devotion to duty over all other aspects of life. But as they prepare to leave the service, many do not receive sufficient counseling to make the transition from a military occupational specialty to civilian employment.

Almost universally these retirees are concerned about finding work and establishing a second career. Traditionally, they are given a 3- to 5-hour briefing on their rights and benefits. Some commands offer counseling in resume-writing and interviewing techniques, but little attention is paid to other aspects of the transition such as impact on the family.

AARP has developed a 32-hour retirement transition program for service personnel. The 100 Navy and Marine Corps enlisted men and officers participating in the five pilot projects agree that the program should be available to all retiring personnel and their spouses. The participants report that the discussion of

social adjustment issues is as important a part of the program as the financial and job search skills. They also [illegible] small group interactive format over the large group lecture.

AARP's work with clergy and lay staff of religious organizations reaffirms the value of advanced planning. While the emphasis may be on where to live, financial security and transitioning out of a leadership role, the fundamental issue is the same: the desire for dignity, security, and purpose.

Retirement planning does not provide a complete answer as to how our society can benefit from increased longevity, but it can help. Our experience shows there is value not just in providing technical information on specific issues, but also in teaching people a process for examining and managing change in their lives.

Draft proposals for federally supported retirement planning demonstration projects

Clearly retirement and health planning are beneficial in preparing an individual for a new life, but it is not being utilized extensively. Some people may not avail themselves of retirement planning counselors or programs because they think they can do it on their own, or they may not be aware of the service, or they cannot afford it. Given this limited incidence of formal retirement planning, proposals to make it more widely available are emerging.

However, a note of caution needs to be sounded. The increased acceptance of retirement education has led to an influx of "specialists" entering the field. There currently are no prescribed standards of excellence, and no licensing or certification of facilitators exists. Thus, any proposal to make retirement planning programs more widely available ought to contain some standards for determining the quality of the individual or organization offering the service.

Whether the federal government should underwrite the cost of some retirement and health planning programs is a debatable matter. Some might question the cost of even a limited program at a time of fiscal constraint, while others might ask whether a federally-

provided service would be utilized predominantly by those who would have done retirement planning on their own anyway.

Any federally supported retirement planning project must contain certain key elements. For instance, there must be a mechanism to ensure that the retirement planning program selected is suitable to the needs of the population served at a particular site, and that a diversity of populations are selected so that a variety of techniques can be evaluated. Caution must be used in selecting retirement and/or health planners, to ensure that they present a range of retirement planning options instead of emphasizing particular products with which they are most familiar.

Also, presentations should stress that planning for a financially and emotionally secure retirement is not a finite process. Instead it must be assessed on an ongoing basis and modified or even overhauled if circumstances require.

An important consideration would be which federal agency should house a demonstration program. One option would be to utilize Social Security Administration (SSA) staff to coordinate a statewide retirement and health examination program. In view of the growing evidence of the damaging effect of the 17,000-person SSA staff reduction on the agency's service and its ability to handle the current work load, it seem inadvisable to ask it to assume additional responsibilities, especially outside its area of expertise. Even a limited SSA role would burden the agency and could confuse the public about the agency's underlying purpose.

An alternative would be to amend the Older Americans Act to provide pre-retirement counseling. This would require the active involvement of the area agency on aging. The area agency on aging does not have comparable service delivery problems as SSA. However, it is unclear whether the area agency on aging would be a suitable alternative given the age of the population currently served. If the area agency on aging's role is expanded to retirement planning, others might be tempted to assign it additional responsibilities. This could diminish its effectiveness in serving a vulnerable population.

The Association believes pre-retirement planning and preventive health measures are important contributors to a happy and healthy retirement. A necessary first step would be to educate the public about the need for and the importance of being well-informed consumers of these services. In addition to its pre-retirement planning program, the Association has published consumer-oriented materials about retirement planning to assist those interested in evaluating retirement planners and retirement options.

AARP urges the committee to consider seriously how best to increase public awareness of educational materials about pre-retirement planning as well as private sector retirement planning programs, volunteer programs and ones offered at a nominal cost by community colleges or other concerned groups. This approach would minimize the outlay of precious federal dollars and might even encourage some retirement planners to develop a range of programs that could appeal to a variety of age groups and economic circumstances. Today's hearing is an excellent example of how the need for pre-retirement planning can be publicized.

AARP is committed to improving the retirement of current and future older Americans. We would be glad to work with the chairman in achieving that goal and encouraging individuals to plan ahead for retirement.

Senator GRAHAM. Thank you very much, Mr. Hill.

Our third panelist is Ms. Esther Piper, who is a retiree from Tampa, FL. Ms. Piper has participated in hearings before the Senate previously, and we welcome her back.

STATEMENT OF ESTHER PIPER, RETIREE, TAMPA, FLORIDA

Ms. PIPER. Thank you. It is my pleasure at this time to give you my version of the pre-planning for early retirement. My husband and I, years ago, planned quite early in life. We had 10 taxi cabs in New York until the Depression came along. We lost everything and had to start all over again.

In later life, my husband worked for an airplane company in Connecticut, and there again we saved. When he was ready to retire in 1957, we came down to Florida, bought our home for cash. My husband didn't believe in having any charge accounts for anything. He said we had enough to last for the rest of our lives, so to speak. We had hoped we would have a comfortable, quiet life in Florida.

In 1964, I developed cancer and had to go into the hospital for surgery and treatment. That wiped us out once again to where we were down and out. Before we had time to look around, while I was still recuperating, I lost my husband. So this was a traumatic time for me, but I still believe we should try to plan as much as we can, whether it's to put money aside or to have insurance to protect ourselves to a certain extent.

We hope and look forward to not being a charity case, to not need the help of our children, because they have their own problems in these days with the high escalation of food and everything else. Even after I have said all of this, I realize today that if everything had followed our plans, I would still be in difficulty because of the exorbitant cost of medication and health care.

I do believe in having insurance, but my insurance cost is about half of my monthly Social Security. Luckily, I now live in a HUD building that is subsidized by the Government. We have a very fine administrator who is very compassionate with her residents, and I do feel that people, whether they're in their early 20's or 30's should prepare for their retirement age when they reach 65 or thereabouts. Thank you.

[The prepared statement of Ms. Piper and Ms. Anne Spector follows:]

TO: Senator Bob Graham/Sue Emmer
241 Dirksen Senate Office Building
Washington, DC 20510
FAX: 224-0587

May 24, 1990

TESTIMONY OF ESTHER PIPER AND ANNE SPECTOR
Residents of Jewish Center Towers
3001 DeLeon Street, Tampa, FL 33609

ESTHER PIPER:

It is my pleasure at this time to give you my version of the pre-planning for retirement. My husband and I, years ago, planned quite early in life. We had ten cabs in New York, until the depression came along. We lost everything and had to start all over again. In later life, my husband worked for an airplane company out of Connecticut, and there again we saved up. When he was ready to retire, we came down to Florida, bought our home for cash. My husband didn't believe in having any charge accounts anywhere. He said we had enough to last for the rest of our lives, so to speak. We had hoped we would have a comfortable, quiet life in Florida. In 1964, I developed cancer and had to go into the hospital for surgery and treatments that wiped us out again to where we were down and out. Before we had time to look around, while I was still recuperating, I lost my husband. So this was a tramatic time for me, but I still believe we should try to plan as much as we can, whether it's to put money aside or to have insurances, to protect ourselves to a certain extent. We hope and look forward to not being a charity case, to not need the help of our children because they have their own problems in these days with the high escalation of food and everything else. Even after I have said all of this, I realize today that if everything had followed our plans, I would be in difficulty because of the exorbitant cost of medication and health care. I do believe in having insurance, but my insurance cost is about 1/2 of my monthly Social Security.

ANNE SPECTOR:

I have lived in Jewish Towers, HUD subsidized building, for over 15 years. My husband was a dentist. We raised two children, sending them through college and graduate school. We lived a comfortable life. Shortly before moving to Tampa, my husband became disabled and we were no longer able to afford the dental, major medical insurance. He died in 1979. My income was sufficiently reduced, and even though I planned carefully to be able to afford adequate co-insurance, I find I must rely on financial help from my children.

Thanks for making the 20 press copies for us! Juliet

Senator GRAHAM. Thank you very much, Ms. Piper.

Mr. Carter, what proportion of the persons who come to Advent Christian Village at the time of retirement have had some systematic pre-retirement planning?

Mr. CARTER. I don't have any figures on that, but I would say very few have any pre-retirement counseling. I think they have mostly done their own planning, and it has been more planning, it seems to me, at that point for the type housing they particularly want to live in, how they're going to spend their "leisure time," and the travels they want to do. Some have developed hobbies. Very few seem to be prepared for the later years when they become more frail and debilitated.

Senator GRAHAM. I'm particularly interested in the issue of the health component of pre-retirement planning. I recognize, as you and others have emphasized, that it's a much more comprehensive issue than just health. Focusing on that, however, what is your assessment of the awareness, knowledge level, and education of persons who come to Advent Christian in terms of what constitutes appropriate personal actions in order to extend their healthy life?

Mr. CARTER. What we found in working with the University of Florida College of Medicine, who were providing most of our physician coverage for several years, the folks didn't seem to have any basic plan. Whenever some condition arose, they went to a doctor, many times that someone else had recommended because they had helped them with a particular condition, and often times when they would come to us, they would be taking prescriptions from several different physicians which, I'm sure, did not know the other was prescribing a particular medicine.

We've had them coming in with 24 different prescription medicines, and so in our assessment, we try to do an assessment of every person, we look at medications, try to get them off of a lot of them, and get them on a regimen that will be in their best interest. Then, of course, we look at exercise and eating right and getting their lives filled with meaningful activities.

Once we do that, plus the fact of helping them feel secure, I think a lot of illnesses are anxiety and stress related, because people wonder what's going to happen to me if I should have a stroke, if I get to where I can't see, if I fall and suffer a fracture, so a lot of energy and strength is dissipated in worry and stress and frustration.

That's why we have developed a lot of different housing arrangements and in all of them have placed emergency call systems, smoke and fire detector systems, so they can basically go to sleep at night and know that if they should have any difficulty, there is help readily available.

This isn't true in so many areas by so many people. As they tend to relax, we find often times, their health increases and improves.

Senator GRAHAM. Mr. Hill, the previous panel talked about the number of private firms in Florida who are providing some pre-retirement counseling. It was indicated that there seems to be a focus on the large firms who operate from a single site which facilitates a large enough group of pre-retirees to make the counseling effective.

What would be your recommendations as to the role the Federal Government might play in encouraging expanded pre-retirement planning?

Mr. HILL. Well, it's quite true that in my contacts in Florida, mostly the larger companies or the larger employers are the ones who have or are doing pre-retirement planning. Many of your smaller companies, and I'm talking now of employers of maybe 50 employees or less, would like to do programs, but they do not have the staff or the facilities in order to do those.

Some of the community colleges have been taking this program up. The other one that has been working with it has been with the local Chamber of Commerce, which deals many times with the local business community, and on some of those, I think between the local college and some of the high schools, offer evening programs. They do have the facilities to do these kind of programs, and I think they're excellent.

Other ones are local organizations such as some of the churches, some of our veterans organizations are even getting into offering retirement programs for some of the members. It is becoming a need, more and more people are saying they should be doing it, but I think we've only just touched the tip of the iceberg.

I came from a large company, and we had programs for our people, but there are many, many people outside who are not even being touched. I do live in a retirement community, and it's surprising the number of people who know the volunteer work that I do, and so many of them come and say, gosh, Walt, I wish our company had a program like that, because we certainly could have used it.

Senator GRAHAM. Do you have any recommendations of what this Committee might propose to the Congress that the Federal Government could do to accelerate the pace of pre-retirement planning programs?

Mr. HILL. Well, of course, through the Federal Government, you are doing something with some of the service personnel and some of the military organizations. This past summer, I did a seminar—not a seminar, it was a lecture—over at the Orlando Naval Training Center. They held a pre-retirement planning program for some of the personnel over there.

They're going to be doing one I think up in the Jacksonville Naval Training Center, so the word is getting around. They do feel a need basically in military personnel, because they know very little outside military life, and when they go out into the outside, they have a seemingly much more difficult time because they have a really very structured life. The same thing goes with our police and firemen. We're dealing with some of those at the county levels, as to having retirement programs.

I think the Federal Government publicizing the need for retirement planning would be a great thing. I don't know exactly the involvement of the Government, but I do think they could certainly publicize the need for pre-retirement planning.

Senator GRAHAM. Well, one suggestion that has been made is that the Social Security Administration, at a point in time before retirement, say 10 years, might make available and fund counseling which would be directed not only at information specifically re-

lated to Social Security and Medicare, but also more generally preparing for retirement. What would be your reaction to that kind of an approach?

Mr. HILL. Well, I have worked with the Social Security people on a number of the seminars, because when we start talking about financial planning, it's always a session with Social Security. So I'm always familiar with the local Social Security representative who calls on and explains Social Security.

How they could become involved, personally, I don't know, because they seem to be very, very busy people doing the things which they are doing now. In our manual, we do have a section dealing with Social Security, advising people to mail the section in and get their information and to get this years before they retire. They can keep up to date on these kinds of things.

But as far as the involvement of Social Security, at this particular point, I don't think they have the time or staff or knowledge really to get into the actual planning of pre-retirement planning.

Senator GRAHAM. Mr. Carter.

Mr. CARTER. It seems to me that the whole area of aging and retirement has to be somehow injected into our public education curriculum a little more effectively than it is today so that folks, you know, from the time we're in our earliest years all the way up, we're beginning to develop a body of knowledge about what to expect during the latter years.

It tends to pretty much peak at preparing ourselves for our professions, our employment, and so forth, and so much of our entire sense of self-worth is based around our role as a worker, a professional. Then once we pass that, one of my mentors, Sid Evelyn, used to say, we enter a roleless society. There's no role for us that's meaningful after work, and so somehow we've got to change attitudes, values, and our whole concept of life, especially with more and more people living into the later years.

This is becoming so much more a needed emphasis than it ever has been, so, to me, that would be a most important role of the Government, to see that we are educating our citizenry appropriately for the latter years.

Mr. HILL. Mr. Chairman, the attitude of people toward retirement, I think this needs kind of an educational upview. Many organizations, when they offer retirement planning, a number of people who should attend are reluctant to attend because of a feeling that why are they offering this program, maybe they want to get rid of me.

When you start talking early to a person in their fifty's about retirement planning, they say, oh-oh, something's up, and there becomes a kind of a negative attitude, and I can speak from experience from the first seminar that I conducted about 15 years ago, that I had a very tough time getting people to participate until I went around and assured those people that it was a good program and it was something that was going to help them later on. But there is a kind of a reluctance.

It's almost like the same thing as telling a person they should go out and make a will. They all say it's important, but they say, well, I'll do that one tomorrow or I'll do it later, because it seems something that's a little final, and I think retirement planning feels

something as a little final, where it's not. You're retiring from something, you're retiring to something.

Senator GRAHAM. I think that's exactly the reason why we have not placed the emphasis on the latter years, also. We don't want to face our mortality. Consider the fact that the overwhelming percentage of people do not draft wills. They just don't want to face the fact that life is going to end.

We don't want to face the fact that we're going to get older, that we're going to get more frail and debilitated, and so we think if we ignore it, then it will go away. I think this is why I emphasize the need for this to be taught early in life as just part of the life cycle.

Mr. Hill, you mentioned the Defense Department. Have you been called upon by any other Federal agencies to assist in their retirement planning?

Mr. HILL. No, other than the Navy in Orlando, the only governmental agency was the Department of Corrections in Orange County.

Senator GRAHAM. That's local?

Mr. HILL. That's local, that's not Federal. The only one of Federal would be the Navy, and that was at Orlando and Jacksonville. Those are the only two that I've had any contact with.

Senator GRAHAM. Ms. Piper, you mentioned, and I know, that you are living in a HUD-assisted section 202 program, and Mr. Carter has mentioned the importance of providing for activities that maintain a sense of involvement and self-worth. Could you describe some of the social programs that are provided in your home?

Ms. PIPER. I'd be glad to. Within our building, we have a club called the Resident Association. That club has a birthday party every 2 months. We used to have it every month, but we couldn't get enough people that were interested, so we have it now every 2 months, and Mrs. Spector, who is here today, is the chairman, as a rule, of the entertainment we have for the birthday party, and the people who had a birthday last month and this month are honored if it falls in that month.

Once every so often we'll go out to a restaurant, and the club will subsidize part of that expense. We usually get a chartered bus to take us over to these places. From our building itself, our administrator is very compassionate, and she sees that we have candlelight dinners every month. There are other entertainments through the month, such as bingo every week.

We're just in the phase of finishing up our 15th building anniversary, so every week there has been something going on for the last 6 months, every week, and several times through the week. So our building, I think, is the A1 building in the United States, not because I live there, because I lived in St. Pete in a Federal building, and I was very unhappy.

It is all up to the administrator. If they are compassionate, you have a wonderful life in the HUD buildings. If the manager is not compassionate and is only for himself or herself, forget it. It needs rehauling.

Senator GRAHAM. Pomeroy.

Mr. CARTER. Senator, we operate a couple of HUD facilities as part of our continuum of care, a 202 and a 236. I think the greatest

problem I see in trying to develop communities where there are services available to the people as their needs change is the fact that most of our Government programs are seen as stand-alone type of programs.

In other words, with the HUD facilities, we had to create a separate corporation for each of the buildings because they will not let you operate a multiservice program and be a HUD facility. HUD philosophy has discouraged services in the HUD facilities.

They only want to deal with housing, and I'm sure, if the manager is here or the residents are here, you live in fear of, you know, when I get to the point I can't provide them myself, where are they going to ship me off to? I think there needs to be a change in Federal philosophy where we need to see our programs as interfacing with other programs so that a person isn't pigeon-holed right into if they don't fit the mold, they're shipped out.

They need to see that conditions change, sometimes they're temporary, and the person ought not to have to totally move out of their environment just because their condition changes temporarily. We ought to, I feel, from a Government standpoint, look at the communities, and the housing ought to fit into the other services that are available and see how we can interface programs and network programs to develop this philosophy of a continuum of care. I think that this will give the residents a much greater sense of security than we have today.

Senator GRAHAM. Ms. Piper.

Ms. PIPER. I know last year we spoke about the affordable housing. I know that when a person is sent into a nursing home, the Government will go way above their Social Security benefit amount. Why can't some of that money be allotted to them if they're living in, we'll say, a HUD building where they need a little home service?

A maid to come in and clean up the house for them once a week or once every 2 weeks, change the linens, maybe a little laundry of linen supplies and things like that, shopping, which is getting very difficult for me to go shopping now, and I only go once a month. At that time, I buy enough so I have it for the month, but it's getting very difficult.

I'm looking forward to what's going to happen when I cannot go shopping. Some of my friends in the building are very nice, they will buy little things for me, but I haven't got the nerve, or like we say, chutzpah, to ask them to buy a load of groceries for me, because they have to cart that home, too.

I know how hard it is for me, and I can feel for them, because in our building, our average age is 82. I haven't got the nerve to ask them to go out and buy a number of things for me. If I ask, it's maybe two or three items. So we could use a person to come in and do a little shopping for us. We don't want to go to a nursing home, we're not ready for it.

Senator GRAHAM. Is that kind of a service precluded under current Federal policy?

Ms. PIPER. I don't know.

Mr. CARTER. No, the service to come in is not, but most of these people do not have the resources to purchase that kind of service, because most of your HUD facilities are predominantly the lower

income level residents, and so there are not the services available because of the dollars, not being able to purchase these services.

Senator GRAHAM. Ms. Piper, you have experienced several tragic circumstances that altered your initial view of retirement. With that personal experience in mind and the fact that, unfortunately, many other persons have incidents that occur after they retire that could not have been anticipated, what advice would you give about effective pre-retirement planning?

Ms. PIPER. That is hard to say. Every person has something different. Now, some people will have just a slight broken bone or something. Well, that will heal in time. Others may have something that will be a lot more difficult to plan that you're going to have it.

Now, they say cancer is a hereditary disease. I do not agree with that, because no one in my family or my husband's family ever had that disease. I was the one to get it. But God left me here for a purpose. I did not pass on at that time, and that was 25 years ago I went through that surgery. But I have tried to help others, and I am involved in quite a number of senior programs, and where I can help, I do.

I know that our administrator wanted to enlarge the kitchen in our recreation room and the heavy meals would be for the residents. Those who cannot afford to pay for it, it would be free. Those who can afford it, a nominal fee. I don't know whether she's heard anything about it, because I haven't heard from her. I don't know whether it's still in Washington being discussed.

I mean, these are little things, maybe they look little, but to us in the building, they would be a tremendous help. There are people that do not do any cooking. They go out to eat at the hospital across the street or maybe get some TV dinners in. It isn't like home cooking.

I know I have a woman who comes in every other week to do my house cleaning and laundry. I take it away from some of my food in order to pay her, but it's got to be done, and I can't do it. And if you don't keep the place clean, you won't have a place to live in. It'll walk away. So these are things that we have to worry about.

Senator GRAHAM. Pomeroy.

Mr. CARTER. Senator, just let me give you a demonstration. Say you have people at the HUD facility, and technically you can't have the services there. We provide them within the rest of the community and transport them in, but there are an awful lot of conflicting philosophies and regulations like, if you happen to go ahead and license your facility as an ACLF because you would like to provide some personal services, then that excludes you from having any of the CCE programs come into it. You can't do it.

But, also, if you don't have an ACLF because there are not funding mechanisms now to make it possible to provide around the clock supervision and assistance on the $500 and some odd dollars that is the maximum you can get now for that level of care, what most people do is they stay just as long as they can in a HUD facility, as she was saying, and then make the leap to nursing home care. So you get a lot of people prematurely trying to or having to go into nursing homes when they could function at an adult living

facility level for much less a month than the nursing home cost of care.

What's happening because of the fragmentation and because of the gaps, people are either being denied services, are going without services, or they're prematurely going into the more restrictive environments such as nursing homes and so forth, because there's not an appropriate level of care available to them or there are not funding mechanisms that they can tap into before that level.

Senator GRAHAM. I want to thank you each for your very significant contribution to our hearing today. I appreciate the effort that you have made to participate. If there is anything further that you would like to add, we would be pleased to receive it, and it will be incorporated into the record of this hearing.

I congratulate each of you for what you are doing for the citizens of our State and Nation and the model of caring that you represent. Thank you very much, and thank you very much for your attendance and participation. This concludes our hearing.

[Whereupon, at 1 p.m., the committee was adjourned, to reconvene at the call of the Chair.]

APPENDIX

Item 1

GE Aerospace

Neutron Devices
General Electric Company
P.O. Box 2908
Largo, FL 34649-2908

May 3, 1990

Mr. Norman Baumgard
Social Security Office
P. O. Box 871
St. Petersburg, FL 33731

Dear Norm:

Thank you for your participation in GE Neutron Devices Pre-Retirement Seminar.

Your presentation on Social Security was most informative. Feedback from attendees praised your congeniality, humor and your overall attitude to be of service. We are very fortunate in having you as a member of the local team within the social security office.

Once again, Norm, we thank you for spending a Saturday with us and making our Pre-Retirement Seminar a successful endeavor.

Sincerely,

Doreen Hilts
Benefits Administration

Larry Fuller
Manager-Benefits

DH/emd

35-350 (88)